

1277). Referred to the Committee of the Whole House on the state of the Union.

Mr. McKENZIE: Committee on Military Affairs. S. 4037. An act to amend the grade percentages of enlisted men as prescribed in section 4b of the national defense act, as amended; without amendment (Rept. No. 1278). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. STEENERSON: A bill (H. R. 13429) to amend section 2238 of the Revised Statutes of the United States; to the Committee on the Public Lands.

By Mr. VOLSTEAD: A bill (H. R. 13430) to amend section 370 of the Revised Statutes of the United States; to the Committee on the Judiciary.

By Mr. DENISON: A bill (H. R. 13431) to provide for the erection of a public building at Carbondale, Ill.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13432) to provide for the erection of a public building at West Frankfort, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. STEENERSON: A bill (H. R. 13433) to provide for insurance against unreasonably low prices for wheat; to the Committee on Agriculture.

By Mr. KEARNS: A bill (H. R. 13434) to amend section 2 of the legislative, executive, and judicial appropriation act, approved July 31, 1894; to the Committee on Military Affairs.

By Mr. GREENE of Massachusetts: A resolution (H. Res. 470) directing that the Committee on Rules be authorized and directed to make full inquiry into the matter of the permanent installation in the House wing of the Capitol Building and in the Hall of the House of Representatives of the apparatus or device therein designated as a public address or voice amplifying system; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENHAM: A bill (H. R. 13435) granting a pension to Mary A. Shook; to the Committee on Invalid Pensions.

By Mr. BIRD: A bill (H. R. 13436) granting a pension to Luella M. Myers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13437) granting a pension to Margaret E. Dotson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13438) granting a pension to Martin L. Garver; to the Committee on Invalid Pensions.

By Mr. DOWELL: A bill (H. R. 13439) granting a pension to Salina A. Julius; to the Committee on Invalid Pensions.

By Mr. FAUST: A bill (H. R. 13440) granting a pension to Mary E. Touhy; to the Committee on Invalid Pensions.

By Mr. LITTLE: A bill (H. R. 13441) granting a pension to Mary M. Walden; to the Committee on Invalid Pensions.

By Mr. MORGAN: A bill (H. R. 13442) granting an increase of pension to Eli J. Hayes; to the Committee on Pensions.

By Mr. PURNELL: A bill (H. R. 13443) granting a pension to Nellie Louise Atkins; to the Committee on Invalid Pensions.

By Mr. REBER (by request): A bill (H. R. 13444) granting a pension to Cora I. Fisher; to the Committee on Invalid Pensions.

By Mr. RODENBERG: A bill (H. R. 13445) granting a pension to Anna D. Arrowsmith; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 13446) granting an increase of pension to Lucius P. Burrell; to the Committee on Pensions.

By Mr. WOODYARD: A bill (H. R. 13447) granting a pension to Rosetta Cottrill; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6611. By Mr. COLE of Iowa: Petition signed by rural carriers out of Marshalltown, State Center, Melbourne, Gilman, Albion, Haverhill, Green Mountain, Liscomb, Clemons, St. Anthony, Laurel, Rhodes, and Le Grande, all in Marshall County, Iowa, asking for carrier's equipment allowance at rate of \$24 per mile per year, and an amendment to present salary scale, making it \$1,800 a year for a 24-mile route and \$75 per mile per year for overmileage; to the Committee on the Post Office and Post Roads.

6612. Also, petition of Tama (Iowa) County Farm Bureau, indorsing the passage of the French-Capper "truth in fabrics"

bill, known as H. R. 64 and S. 799; to the Committee on Interstate and Foreign Commerce.

6613. Also, petition of Frank Slaboch, jr., and 21 others, residents of Tama, Iowa, to abolish discriminatory tax on small arms, ammunition, and firearms, internal revenue bill, section 900, paragraph 7; to the Committee on Ways and Means.

6614. By Mr. FULLER: Petition of sundry citizens of La Salle County, Ill., protesting against the tax on ammunition and firearms; to the Committee on Ways and Means.

6615. Also, petition of Litchfield (Ill.) Merchants' Protective Association, favoring 1-cent drop-letter postage; to the Committee on the Post Office and Post Roads.

6616. By Mr. KISSEL: Petition of the American Society, a Federation for National Unity (Inc.), New York City, N. Y., favoring an investigation of all secret societies; to the Committee on the Judiciary.

6617. By Mr. McLAUGHLIN of Michigan: Petition of Mr. A. J. Harvey and sundry other citizens of Cadillac, Mich., favoring the abolition of the discriminatory tax on small arms, ammunition, and firearms; to the Committee on Ways and Means.

SENATE.

SATURDAY, December 16, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, we rejoice to call Thee by that name. We recognize a nearness of approach and a consciousness that Thou art with us and ready to help us in every emergency. We thank Thee that Thou hast for us help in our struggles, solution for our problems, forgiveness for our folly and our sin, and art always ready to open before us paths of duty along which Thou wouldst have us walk. Hear and help us this day. Through Jesus Christ. Amen.

The Assistant Secretary proceeded to read the Journal of the proceedings of the legislative day of Thursday, December 14, 1922, when, on request of Mr. Curtis and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

CALL OF THE ROLL.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Assistant Secretary called the roll, and the following Senators answered to their names.

Ashurst	Gooding	McLean	Shortridge
Borah	Hale	McNary	Simmons
Brandeggee	Harrell	Moses	Smith
Calder	Harris	Nelson	Smoot
Capper	Harrison	New	Spencer
Caraway	Heflin	Nicholson	Sterling
Colt	Hitchcock	Norris	Sutherland
Couzens	Johnson	Overman	Swanson
Culberson	Jones, N. Mex.	Owen	Trammell
Curtis	Jones, Wash.	Page	Underwood
Dial	Kendrick	Pittman	Walsh, Mass.
Dillingham	Keyes	Polindexter	Walsh, Mont.
Fernald	Ladd	Pomerene	Warren
Fletcher	Lodge	Ransdell	Watson
George	McKellar	Robinson	Williams
Glass	McKinley	Sheppard	

Mr. CURTIS. I wish to announce that the Senator from Ohio [Mr. WILLIS] is absent on account of illness in his family.

I was requested to announce that the Senator from Arizona [Mr. CAMERON] is necessarily detained on official business.

I was also requested to announce that the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Iowa [Mr. BROOKHART] are absent on official business.

The VICE PRESIDENT. Sixty-three Senators have answered to their names. A quorum is present.

POSITIONS IN UNITED STATES VETERANS' BUREAU.

The VICE PRESIDENT laid before the Senate a communication from the Director of the United States Veterans' Bureau, transmitting, pursuant to law, a statement as of December 1, 1922, indicating the total number of positions at the rate of \$2,000 or more per annum, the rate of salary attached to each position, and the number of positions at each rate in the central office, also the corresponding information as of November 1, 1922, for the district and subdistrict offices, which, with the accompanying papers, was referred to the Committee on Appropriations.

CREDENTIALS OF SENATOR-ELECT STEPHENS.

The VICE PRESIDENT laid before the Senate a certificate of the Governor of Mississippi, certifying to the election of HUBERT D. STEPHENS as a Senator from the State of Mississippi

for the term beginning March 4, 1923, which was ordered to be filed and to be printed in the RECORD as follows:

STATE OF MISSISSIPPI.

To all to whom these presents shall come, greeting;
to the President of the Senate of the United States:

This is to certify that on the 7th day of November, 1922, HUBERT D. STEPHENS was duly chosen by the qualified electors of the State of Mississippi a Senator from the said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th day of March, 1923.

Witness his excellency, our governor, Lee M. Russell, and our seal hereto affixed at Jackson, Miss., this the 2d day of January, A. D. 1923.

[SEAL.]

By the governor:

LEE M. RUSSELL.

JOSEPH W. POWER, Secretary of State.

SENATOR FROM MASSACHUSETTS.

The VICE PRESIDENT. The Chair lays before the Senate two letters, one from Conrad W. Crooker, as attorney for John A. Nicholls, and the other from Conrad W. Crooker, as chairman of the Liberal Republican League of Massachusetts, relative to the title of the senior Senator from Massachusetts [Mr. LODGE] to his seat for the term beginning March 4, 1923, which will without objection be placed on the files of the Senate to accompany the credentials of the senior Senator from Massachusetts.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House disagreed to the amendments of the Senate to the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SHREVE, Mr. MADDEN, and Mr. OLIVER were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (H. J. Res. 408) authorizing payment of the salaries of the officers and employees of Congress for December, 1922, on the 20th day of that month, and it was thereupon signed by the Vice President.

APPROPRIATIONS FOR DEPARTMENTS OF COMMERCE AND LABOR.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JONES of Washington. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. JONES of Washington, Mr. SPENCER, and Mr. OVERMAN conferees on the part of the Senate.

PETITIONS.

Mr. CURTIS presented a resolution adopted by the Federated Shop Crafts, of Parsons, Kans., favoring the election of President and Vice President of the United States by direct vote of the people, abolition of the Electoral College, and shortening of the time elapsing between election and inauguration, which was referred to the Committee on the Judiciary.

Mr. WARREN presented a resolution adopted by the directors of the Cheyenne (Wyo.) Chamber of Commerce, favoring the passage of the so-called Capper-French truth in fabric bill, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Upton, Wyo., praying for the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

Mr. LADD presented a resolution of the Federated Shop Crafts of Dickinson, N. Dak., favoring prompt action by the Federal Government to remedy faulty condition of railroad operating equipment, which was referred to the Committee on Interstate Commerce.

He also presented petitions of L. C. Merrick and 14 others, of Sawyer; Joe F. Blasy and 4 others, of Lefor; Otto Petterson and 7 others, of St. John; William Polis and 4 others, of Pekin; Mrs. A. Hermanson and 9 others, of Hamar; Will Darling and 3 others, of Thorne; Henry Paterandi and 4 others, of Dunseith; C. T. Nelson and 8 others, of Rutland; Charles Quittschrieber and 5 others, of Arthur; Mrs. S. A. Sundene and 2 others, of Adams; all in the State of North Dakota, praying for the enactment of legislation stabilizing the

prices of wheat, which were referred to the Committee on Agriculture and Forestry.

POSSESSION, SALE, AND USE OF PISTOLS AND REVOLVERS.

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 4012) to control the possession, sale, and use of pistols and revolvers in the District of Columbia, to provide penalties, and for other purposes, reported it with amendments and submitted a report (No. 950) thereon.

RELIEF OF SUFFERERS IN ASTORIA, OREG.

Mr. WARREN. From the Committee on Appropriations I report back favorably with amendments the joint resolution (S. J. Res. 255) for the relief of sufferers from fire in the city of Astoria, Oreg., and, as it is an emergency matter, I ask for its immediate consideration.

Mr. UNDERWOOD. Let the joint resolution be read.

The VICE PRESIDENT. The Secretary will read the joint resolution for the information of the Senate.

The joint resolution was read, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration. The amendments were, on page 1, line 3, after the word "relieve," to insert the word "temporarily"; in line 7, after the word "otherwise," to strike out the words "to relieve the sufferers"; in line 9, after the word "establishment," to strike out the words "or procured by him in open market or otherwise"; in line 10, before the word "needy," to insert the word "such"; and on page 2, line 2, after the word "necessary," to strike out the words "and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,000,000, or so much thereof as may be necessary, to be expended under the direction and in the discretion of the Secretary of War in carrying out the provisions of this resolution"; so as to make the joint resolution read:

Resolved, etc., That in order to relieve temporarily the suffering and the conditions resulting from the recent fire in the city of Astoria, Oreg., the Secretary of War is authorized and directed, in cooperation with the authorities of the State of Oregon and of the city of Astoria, or otherwise, to issue subsistence and supplies belonging to the Military Establishment to persons in Astoria who are in such needy circumstances and to take such temporary sanitary measures as he may deem necessary.

The amendments were agreed to.

The joint resolution was reported to the Senate as amended, and the amendments were concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. McNARY. Mr. President, in conjunction with the joint resolution which has just been passed I desire to have inserted in the RECORD a telegram from the mayor and the citizens' executive committee of the city of Astoria, Oreg., and also a telegram from the president of the Portland (Oreg.) Chamber of Commerce.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

ASTORIA, OREG., December 13, 1922.

Senator C. L. McNARY.

Senate Chamber, Washington, D. C.:

On Friday morning last the entire business part of the city was totally destroyed by the most devastating fire in the history of the Pacific coast. Streets, water system, sewer system, and fire system in the entire devastated district are totally destroyed. Over 5,000 citizens have suffered loss of their entire property and are without employment or means of subsistence. Business is paralyzed and the city wholly without adequate means either to furnish employment or sustain its citizens who have so suffered. Contributions have been secured from coast cities and from individuals, but this can not be employed to rehabilitate the devastated district. In order to rebuild it will be necessary to fill by dredging the entire part of the city destroyed. Practically all of the streets and sewers destroyed were constructed on and under viaducts and cost assessed against the property. Such assessments have not been paid, which, together with the enormous loss sustained, makes it impossible to reconstruct. The situation is serious and appalling. Unless the city receives immediate Government aid it seems that it will cease to function and bankruptcy of its people, heretofore solvent, will result. The disaster, not counting loss of life, equals that caused by the tidal wave which devastated Galveston and the San Francisco holocaust of 1906. We deem the situation so critical that we feel it is necessary to appeal to the Congress of the United States for immediate aid, such as was granted Galveston and San Francisco. It is believed that it will require at least \$3,000,000 to afford anyway near the adequate relief.

JAMES BRENNER,

Mayor of Astoria Citizens' Executive Committee,

By COL. W. S. GILBERT,

Astoria Chamber of Commerce,

By L. D. DRAKE.

— PORTLAND, OREG., December 14, 1922.

Hon. C. L. McNARY,

United States Senate, Washington, D. C.:

Our board of directors and leading business men most earnestly appeal to our Oregon delegation for the maximum support possible from Congress for Astoria in recovering from devastation that has effaced practically entire business district of city. Per capita loss on population or wealth basis is apparently greater than in other disasters that have received Federal aid of substantial amounts. Business interests

of city with high percentage of population seem to face bankruptcy and perhaps municipal ruin. Bonding power for municipal improvements had reached very maximum and much of these are effaced with debts remaining and a staggering reconstruction immediately compelled. Destitution of people losing all is being covered in way of food, clothing, and shelter through Portland contributions and from near-by sources, but such aid does not extend to vital requirements of city's future. We urge that all members of our delegation give most serious study to ways and means of securing congressional action in aid of Astoria. Generous contributions being made from all parts of Northwest and more distant points, but all this not sufficient for great future effort to save city.

O. W. MIELKE,
President Portland Chamber of Commerce.

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMOOT:

A bill (S. 4189) to pension soldiers who were in the military service during Indian wars and disturbances, and the widows, minors, and helpless children of such soldiers; to increase the pensions of Indian war survivors and widows; and to amend section 2 of the act of March 4, 1917; to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 4190) for the relief of Sam N. Thompson; to the Committee on Claims.

By Mr. LODGE:

A bill (S. 4191) for the relief of Harry E. Fiske; and

A bill (S. 4192) to permit the correction of the general account of Charles B. Strecker, former Assistant Treasurer of the United States (with an accompanying paper); to the Committee on Claims.

By Mr. KING:

A bill (S. 4193) to repeal sections 300 to 316, inclusive, of the act entitled "An act to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as amended, and for other purposes," approved February 28, 1920; to the Committee on Interstate Commerce.

A joint resolution (S. J. Res. 257) authorizing a disarmament conference with governments with which the United States has diplomatic relations; to the Committee on Foreign Relations.

THE MERCHANT MARINE.

The VICE PRESIDENT. Morning business has closed.

Mr. JONES of Washington. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 12817.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. NICHOLSON. Mr. President, I have received a telegram from the Colorado Farmers' Congress protesting against the passage of the so-called ship subsidy bill. I send the telegram to the Secretary's desk and ask that it be read.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The telegram was read and ordered to lie on the table, as follows:

[Western Union telegram.]
FORT COLLINS, COLO., December 15, 1922.

Senator SAMUEL D. NICHOLSON,
Washington, D. C.:

Colorado Farmers' Congress in thirteenth annual session adopted following resolution, which is submitted to you for earnest consideration:

"Whereas there is pending in Congress a bill known as the ship subsidy bill: Therefore be it

"Resolved, That we do not believe this bill will in any way benefit agriculture but that it will only be a further drain upon our national finances.

"Resolved, That we urge our Representatives in Congress to oppose this legislation and that telegrams be sent to our Senators advising of our action."

I. L. GOTTHELF,
President Colorado Farmers' Congress.

RELIEF OF AGRICULTURAL CONDITIONS.

Mr. SMITH. Mr. President, only a few days ago the President of the United States came before Congress and delivered what might be called his annual message as to the condition of national affairs. In that message he took occasion to stress the deplorable condition of agriculture throughout the country and recommended remedial legislation that would aid the farmer in solving his present problems and provide for him an adequate credit system to enable him to take care of his affairs in the future.

Subsequently to the President's address the Committee on Agriculture, being keenly alive to the terrible conditions which exist, have been holding hearings on different bills looking toward carrying out the purposes of Congress in that respect.

There have come before our committee in the last week representatives of the grain growers and cattle raisers of the West and of the woolen and wheat and cotton producers of the South and West. Those representatives were men of affairs; they were men who had been in the midst of the terrible calamity which overtook the agricultural and stock-raising interests of the country when, without warning, the price of farm products and of the products of the cattle raisers had gone to a point which meant bankruptcy. There was no question of the cost of production; there was simply an absolute slaughter of the values involved in farm production and in cattle raising.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. SMITH. I yield.

Mr. NORRIS. I think the Senator from South Carolina ought also to include in the class of men who appeared before our committee representatives of several hundred so-called country banks, in addition to the other classes mentioned by the Senator.

Mr. SMITH. Mr. President, I thank the Senator for that suggestion. I wish to state that there did appear before us also representatives of innumerable country banks who indicated that, as a necessary result, the collapse of the security which they themselves had been handling in the past had practically bankrupted them, leaving those banks absolutely without means of further financing the farmers of the country.

I am not going to take this occasion to give my opinion as to what has brought about this condition of affairs. The curse causeless does not count. Some of us know the cause. We were informed that the collapse of prices was a natural and necessary result of the war; that deflation and the restriction of credits and the denial of any financial accommodation to those who stood in the midst of ruin and bankruptcy was essential in order that we might get back to "normalcy" and to pre-war conditions as they obtained in a normal way; and that prices were too high and that, therefore, they had to be brought down.

Mr. President, for a while there were some people, including even farmers, who believed that to be true. We would have believed it more readily had we had evidences that other business in this country, not so fundamental and not so necessary as agriculture and stock raising, had suffered in proportion. There is not a Senator on this floor who does not know that unless agriculture is relieved there is going to be produced in this country a condition that will be infinitely worse than that which now obtains. Hands are leaving the southern farms by the thousands and seeking industrial employment; they are leaving the wheat fields of the West. One of the witnesses who came before our committee exhibited a newspaper published in his county, which heretofore has been one of the most prosperous and productive counties in his State, in which there were six pages of nonpartisan type advertising farms for sale for taxes. That showing can be duplicated in practically every county in the United States. Producers of grain of all sorts, of corn, cattle, cotton, and wool, are distressed to the point of bankruptcy, even to the extent of having taken away from them the very basis of their industry, the land itself.

In view of that condition being established, I wish to read to the Senate an item published in the Washington Post of this morning, showing conclusively that this condition was not universal and that the necessity for these measures and the consequent lowering of prices which the farmer received was not general; indeed, there was no corresponding reduction in the prices of commodities which others had to sell. I am going to read the item as it appears in the Post:

BOSTON, December 15 (by the Associated Press).—Another batch of increased capitalizations, with consequent stock dividends, brought further Christmas distributions representing many millions of dollars to stockholders in New England corporations to-day. To the large sums already diverted from surplus and other companies there were added several actions of recapitalization and disbursement that ran into many hundreds per cent.

The Browne & Sharpe Manufacturing Co., of Providence, making machine tools, filed with the secretary of State notice that its capital stock had been increased from \$100,000 to \$16,000,000. A stock dividend of 16,000 per cent was voted to dispose of the new stock.

WILL DISTRIBUTE 1,500 PER CENT.

Stockholders of the Wanskuck Co., manufacturers of worsted—

In other words, manufacturing the clothing that people wear—voted at Providence to-day to increase the capital stock from \$500,000 to \$8,000,000. They voted also to distribute among themselves the new stock as a 1,500 per cent stock dividend.

The York Manufacturing Co., of Saco, Me., making cotton cloths, by action of the directors, proposed to the stockholders a doubling of the \$1,800,000 capitalization with a 100 per cent stock dividend.

The Oakdale (R. I.) Worsted Co., after increasing its stock from \$60,000 to \$540,000, distributed the difference in the form of an 800 per cent stock dividend.

The Merrimac Woolen Co. increased its capital stock from \$750,000 to \$1,000,000 and provided for a stock dividend from capital and surplus, the exact amount of which was not announced.

The New Bedford Cotton Mills Corporation declared a stock dividend of 200 per cent, increasing its capital from \$350,000 to \$1,050,000 to make it possible.

The article continues further along the same line, but I have read sufficient.

In the face of the universal suffering of the agricultural interests of this country and of the country banks comes this startling statement that one company made 16,000 per cent. I do not know during what number of years that profit was accumulated, but that announcement means that they lived and moved and had their being and created a surplus which, under the decision of the court, in order to avoid taxation, enabled them to declare a stock dividend of 16,000 per cent. Then I presume that the poor, distressed, and helpless woolen manufacturers by whom we were invoked here to pass an emergency tariff in order to protect the woolgrower from the inroads of foreign competition could only make 1,500 per cent. He could not get 16,000 per cent; he could only declare a stock dividend of 1,500 per cent.

Mr. CARAWAY. Mr. President, may I interrupt the Senator just a minute?

Mr. SMITH. I yield.

Mr. CARAWAY. Here is one woolen firm up in Massachusetts that declared a 3,333 per cent dividend the other day—another one of those poor industries.

Mr. SMITH. I will just read this item as it is handed to me. I do not know from what paper it is taken.

Mr. CARAWAY. The New York Times.

Mr. SMITH. It reads:

BOSTON, December 14.—Stock-dividend declarations by textile mills continued to-day. A new high-water mark in these increases of capitalization from which the distribution is made was set by the Davis & Brown Woolen Co., of Uxbridge, a relatively small concern, which expanded its capital stock from \$15,000 to \$500,000, to make possible a dividend of 3,333 per cent.

Mr. UNDERWOOD. Mr. President, will the Senator let me ask him a question?

Mr. SMITH. Certainly.

Mr. UNDERWOOD. Are these some of the companies that are engaged in the production of wools, on which last summer a very high and excessive tariff was placed in order to protect them from failure?

Mr. SMITH. Why, certainly. These are the suffering individuals whom we have to pension. Do you suppose a man is going to sit down and be satisfied with a miserable 3,333 per cent dividend when another one is making 16,000 per cent? You have no right to have any such unequal situation in this country.

Mr. President, how long do you suppose the American people are going to tolerate a condition sanctioned by our Government such as is revealed by this manifestation here to-day? They come here and ask for protection, when even under the Underwood bill this stupendous amount must have been accumulated; because, while God knows they got enough, it is not reasonable to suppose they have made 3,333 per cent in anticipation of the operation of the present tariff law. This was made under the operation of the Underwood bill; but if, under the so-called slight protection of the Underwood bill, they made this much, what in the name of heaven can they make under the present wall around this country?

Mr. UNDERWOOD. The highest woolen schedule that has ever been enacted into law.

Mr. SMITH. The highest that has ever been known since Schedule K became a stench in the nostrils of the American people.

The light will filter in after a bit. I said a moment ago that course causeless did not come; and the American people will know that the curse that is on them is the control of our commercial and banking interests for the specially favored few. How in the name of heaven was it possible for a tool-manufacturing concern to make 16,000 per cent if the conditions under which they worked were fair and normal and open to competition? How could a woolen manufacturer make 3,333 per cent, how could he accumulate it if the conditions under which he worked and distributed his wares were open to competition, and it was the natural result of the law of supply and demand? This monstrous condition has arisen from the machinations of men who knew exactly what they were doing.

The existence of twenty-five billions of American bonds, bearing the stupendous interest of 4½ per cent, constituted a temptation too great for them to withstand of bringing about a condition where these bonds would have to be sacrificed and go into the hands of those who for generations to come could on every million dollars invested clip interest to the amount of \$40,000 from the taxpayers of this country; and who pays these taxes? The very distressed crowd that is appearing before our committees, because under the decisions of the courts the organizations and the corporations can escape taxation by taking refuge behind stock dividends, and robbing the Government, as the collector of internal revenue has intimated, of \$1,400,000,000.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from North Carolina?

Mr. SMITH. I yield.

Mr. SIMMONS. May I ask the Senator from South Carolina what class of people is opposing this relief that the farmers are asking?

Mr. SMITH. So far as we have had any intimation of opposition—and it has come to me not officially, because they have not appeared before our committee in rebuttal of the plea of the agriculturists—it is made up of the very class of men who are declaring these dividends.

Mr. SIMMONS. I should like to ask the Senator another question. I heard it conceded in the Banking and Currency Committee this morning by a witness of great intelligence, the owner, as I was told, of some forty-odd agricultural publications, that the farmers, even at this time, while other classes of people in this country are making such enormous profits, are not netting enough to pay the actual cost of production. Is not that conceded?

Mr. SMITH. Why, Mr. President, that is known to every man, not only to the man who is engaged in agriculture but to the local country banker who is financing him and to the merchants who are selling him his supplies. They all know that he is not even now making the cost of production, while he has a load of debt, incurred by the crime of deflation during 1920 and 1921, that he will not wipe out in a natural lifetime. I say to the Senator from North Carolina, a practical farmer as he is, that the debts that he and I were forced to incur by virtue of that will wipe out any reasonable profit that we may make for the next five or six years if we make a normal crop and get a normal price for it.

Mr. SIMMONS. A longer time than that.

Mr. SMITH. That is the condition that confronts us. If we were to make average crops now, and were to get a reasonable profit, it would take five or six years, or maybe longer, to accumulate profits enough to wipe out the indebtedness of 1920 and 1921; and yet here in 1922 the favored children of finance and government come out and declare a dividend of from 3,000 per cent to 16,000 per cent, and when we make an effort to get a financial system that will in some degree adapt itself to the peculiar conditions of agriculture we are met with the cry, "Class legislation!"

Mr. President, it amazes me to hear men of intelligence, to hear those, some of whom are the dispensers and purveyors of our news, declaring that any legislation in favor of the farmer is class legislation. Agriculture is not a class. It is fundamental. It is basic. With whom does the farmer enter into competition? When we speak of class, the ordinary acceptance of that is one class in a business pitted against another class in like business. Agriculture is fundamental. It is basic. It is as essential as fuel and water to an engine. The necessity for getting the fuel and the necessity for getting the water are prerequisites to the running of the engine. The necessity for agriculture is a prerequisite to every business, the Government included; and yet when we come and make the showing that agriculture has been so discriminated against that it is impossible for those engaged in it to live except under the conditions of peons and slaves, we are met with the sneer that "You are attempting class legislation," when 55 per cent of all the current wealth of this Nation, over twelve billions, is produced annually by agriculture, and according to statistics something like 35 to 40 per cent of the deposits in our banks are deposited there from the proceeds of agriculture; and yet the amount that the farmer gets to carry on his business as compared with other businesses is less than 2 per cent.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Florida?

Mr. SMITH. I do.

Mr. FLETCHER. May I suggest to the Senator, then, that in order to revive business in the general sense in which that term is used, the way to do it is first to revive agriculture?

Mr. SMITH. It is absolutely essential.

Mr. President, I am happy on account of one condition. Thank God, we are not dealing to-day with the same class of agriculturists that the world dealt with in the generations that have gone. The facilities for education, the distribution of knowledge in the form of current events in the newspapers, the telephone, the telegraph, and easy transportation, have made the man in "the sticks" as cosmopolitan as the man that walks your streets. He knows the laws and rules that govern economics, and he is going to have his proportionate share of the wealth that he produces. If we are wise we will begin now, in this Congress, to deal with him in precisely the same manner that we deal with what we are pleased to call commerce. We have established a banking system that is at the beck and call of what we call commerce—liquid assets; 30, 60, and 90 day paper—to meet all the requirements, and we have provided in the law that is on the statute books now that in case there should be a dearth of circulating medium based upon a certain gold reserve and commodity value there might be issued clearing-house certificates, known as Federal reserve notes, against the deposited wealth of this country.

We hailed it with delight, because for the first time in the history of this country commodities were recognized by the Government as the basis of the issuance of a temporary form of quickly diffusible currency. From May, 1920, up until a few months ago, that source of relief to the people was practically arbitrarily shut. Where it was not arbitrarily shut, the fear of a repetition of what had occurred kept men from embarking in the business once again under conditions which ruined them. They are afraid to attempt any extensive line for the fear that the like calamity might befall them.

Now we have come to the point where the country says, "You must show us. You promised us we could not have a panic." You can name it what you please, but in what condition is agriculture to-day? If it were not for such revelations as this I might suppose we were all practically in the same condition, but when you know the condition in which the producers of this country are, and then boldly have the declaration of a 16,000 per cent dividend the contrast is amazing.

Mr. OWEN. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Oklahoma?

Mr. SMITH. I yield.

Mr. OWEN. What the Senator from South Carolina is describing as a panic has all the effect of a panic, because it is an industrial depression of the most serious character. When the reserve act was presented to the Senate as a bill I pointed out that while it would prevent financial panic in the ordinary sense, it would not prevent an industrial depression. What has taken place is an industrial depression, infinitely emphasized by the action of the Federal Reserve Board in directing, first, the contraction of credits by the large New York banks on their call loans on stocks and bonds, following that up by having the Federal reserve banks withdraw the lines of credit which they had extended to the banks of the country and using their influence with the banks of the country to restrict credits. When they did, it had the effect of bringing the market prices down below the cost of production, and brought on a ruinous condition which has all the effect of a panic, although it might not be described as an actual financial panic.

Mr. SMITH. When one contemplates the result of this condition, he may not fully know the minutiae or the means instituted to bring it about, but he does know that there seemed to be, and, according to the Comptroller of the Currency, there was, a greater volume of redemption funds than ever before, a greater volume of gold in this country than we had ever had. Some estimate that our 12 regional banks hold up to almost one-half of the gold available in the world for monetary purposes. I do not know just what percentage of the world's available gold supply we do hold, but I know that it is far and away in excess of any legal requirements for reserve purposes. I do know that there was the possibility of issuing enough currency to relieve any situation, because we went through the acid test during the war, when there was a call upon us for billions of dollars to carry on that war. But let the condition be what it may, agriculture is dying, while manufacturers are declaring from 3,000 to 16,000 per cent dividends.

I have no quarrel with the manufacturing interests of the country. I come to the place where it is made possible to enter my protest against any system which would allow the universal death, ruin, and stagnation of agriculture and stock raising, while such incalculable profits as these are made. Congress should see to it that a financial system is inaugurated, or the present one so amended, that agriculture will

have the same opportunity to finance itself as other business has to finance itself.

I understand that one of our cooperative concerns, just started with bright hopes, has been confronted with the fact that the condition upon which it got money from the War Finance Corporation was that under the contract they must sell one-eighth of their yearly production each month. What man sitting before me could imagine a more suicidal condition than that, a cooperative company, dependent upon the product it holds as the basis of its loan, making a contract that it will dispose of one-eighth of its holdings each month? All a man who desires to get it has to do, if he has control of the market, is to fix the price at the time, because one-eighth has to come on the market.

In passing the War Finance Corporation act we provided that agricultural products might have a rediscount for 12 months through their cooperative market, and if by some mistake or other they did sign a contract which would call upon them to dispose of one-eighth of their holdings each month, we of the Senate ought to rise up and give them relief now by saying that in spite of the contract, what they hold should not be disposed of until the price shows a reasonable profit upon the cost of production.

Mr. HEFLIN. Mr. President, in connection with the statement the Senator makes about the requirement of the sale of one-eighth of the cotton each month, I assert that they have nullified the law by their order, and are providing that the loan shall be for only 30 days for a part of the crop. Is not that true?

Mr. SMITH. That is the effect of it. I have called attention to this condition for the reason that, even with the hope we had in rehabilitating the War Finance Corporation, and writing the act as carefully as some of us thought it could be written under the circumstances, amending it as we thought necessary to relieve the situation, we are met with an arbitrary demand that the articles shall be put upon the market, contract or no contract, which is just as bad on the producers as the old system.

What we anticipated, and what the farmers of this country have a right to demand, is that when a farmer borrows on his product and pays the interest, and the commodity he puts up is worth the loan at the expiration of the loan, he should have an opportunity to rediscount it until such time as he gets a profit.

Mr. SIMMONS. Mr. President, can the Senator recall any provision in the War Finance Corporation act, as revised and enlarged, which confers power upon the board controlling that system to fix the time when the farmer shall sell his product?

Mr. SMITH. I do not recall any such provision. Of course, the whole idea was that as we had limited it, against the protest of some Senators, to banks, trust companies, and farm organizations, eliminating the individual, we had made it possible, if conditions did not warrant the settling of the account at that time, for a renewal of the loan and an extension of the time, if the collateral was all right and the interest paid, despite any contract which you might make or I might make that we would dispose of one-eighth of our holdings each month.

Under the terms of the bill itself, relief could be given if there were a waiver of even that contract by mutual agreement, because the object was to give relief, and if these cooperating societies say, "We need an extension of the time to give relief, and an extension of the contract," they are entitled to have it.

Mr. DIAL. Mr. President—

The VICE PRESIDENT. Does the Senator from South Carolina yield to his colleague?

Mr. SMITH. I yield.

Mr. DIAL. I was called out of the Chamber and did not hear all of my colleague's speech. I understand that he spoke in reference to the cooperative market associations disposing of some of their cotton.

Mr. SMITH. I mentioned that incidentally.

Mr. DIAL. While it may be true that the cooperative associations have not sold very much, is it not also true that a great many of the producers have sold their entire crops?

Mr. SMITH. It is.

Mr. DIAL. A great deal more than one-twelfth of the production has been sold each month. All we desire is that the crop should be marketed in an orderly way, and that means that if it takes 12 months to produce it and 12 months to manufacture it, the grower should be allowed 12 months in which to market it.

Mr. SMITH. That is neither here nor there, for the reason that the man outside of the corporation took his chances. These cooperative societies were organized to try to protect the indus-

try, and we put the cooperative societies in the act, and therefore it seems to me that they are entitled, despite any specific contract, to have whatever relief the act can give them.

Mr. SIMMONS. Mr. President, does not the Senator from South Carolina think that the intent of Congress, in establishing this corporation and conferring upon it the power to loan to farmers and to farm cooperative associations, was to enable the farmer and these associations to market their crops in an orderly way, and, if necessary, to hold their products until they could at least get something approximating the cost of production; and that, having that general line of policy in view, when we, in order to carry it out, provided that they might advance money to farmers and cooperative institutions upon 12 months' maturity, with the privilege of extension, it was the clear intent and purpose of Congress that that board should not attempt to exercise an authority which would defeat that purpose by forcing the farmer to sell before conditions justified him in selling?

Mr. SMITH. Mr. President, if this is to be the policy, the last case is as bad as the first, or worse. I have said what I have presented this morning in order to call the attention of the public to the refutation of the plea that this drastic contraction of credit was unavoidable, and that it affected all alike.

The Senator from Oklahoma [Mr. OWEN] has defined the situation. We had a commodity panic, and a money inflation. The money was here, necessarily here, and if credits were denied, it was hoarded somewhere; it was here in volume.

Mr. OWEN. Mr. President, when commerce is paralyzed by the contraction of credits the currency is no longer required in such volume and it automatically flows back into the Federal reserve agents' hands, because it is costing money to hold idle currency. It therefore goes back for the purpose of saving the interest on that idle currency. A great harm was done in contracting credit, which was deliberately done as a fixed policy and persisted in over the protest of many men, including myself. I made 10 different efforts, I remind the Senator, between January 1, 1920, and July 1, 1920, to prevent that policy from being carried out, but unavailingly.

Mr. SMITH. Mr. President, in concluding what I have to say showing the startling condition of affairs, between the extremes of poverty and distress on the one side and a 16,000 per cent stock dividend on the other, we in the Senate should not be satisfied and some of us are not going to be satisfied with any temporary makeshift legislation for the relief of agriculture in the country, with the limitation of the amount of capital that can be diverted to agriculture. Some of us will insist that the financial system available for agriculture shall be as extensive and limitless as the system for commerce and that the availability of credits in behalf of the farmer shall be coextensive with the credits for commerce and adapted to the peculiar conditions of the production of agricultural products. We will have none of this temporary handing out of a crumb from a master's table, and I do not use even a figure of speech when I say that the farmer sets the table, furnishes the table, clothes and shoes the master, and yet he, perforce, must go hungry and naked while others in the country are cutting melons running up to hundreds and thousands of per cent.

Mr. CALDER. Mr. President, I hesitate to take the time of the Senate to discuss a subject not before the Senate, but I ask indulgence for a moment or two in connection with the statement just made by the Senator from South Carolina [Mr. SMITH].

I represent in part a State which is one of the greatest in agriculture of any of the States in the Union. In that State the farmers have suffered. They are to-day in great difficulty. They are coming to us asking for aid. But, Mr. President, it seems to me that even more important than the question of credits for the farmer is that of trying to do something for him to afford him better market facilities. The other day my attention was called to the fact that in New York, which is a great dairy State and furnishes most of the milk for the great city of New York, the farmer is getting something like 3½ cents a quart for his milk, while in the city, 100 or 150 miles away, the people who consume the milk are compelled to pay 16 and 18 and at times even 20 cents a quart for the milk. I am wondering, while we are discussing the question of credits for the farmer, if perhaps we are not encouraging him to reach out and borrow beyond his means, when, after all, his real problem is to obtain enough for the things he produces so as to secure even a small return for his labor and his investment.

Mr. McKELLAR. Mr. President—

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Tennessee?

Mr. CALDER. I yield.

Mr. McKELLAR. The matter of transportation comes in right there. Does not the Senator think that he made a mistake some few years ago when he voted for increasing the transportation charges of the country to such an enormous extent when what is known as the Esch-Cummins law was enacted? The Senator voted for it, as I recall, and the rates on milk from New York State points to New York City and to all the large cities were increased, as I recall, something like 200 per cent.

Mr. CALDER. Of course, the Senator has examined the freight rates on milk coming into New York City, and if he has he might tell the Senate the fact that the increased charge for carrying milk does not exceed one-eighth of 1 cent per quart, and that, of course, has not contributed very much to the increased price. I voted for the Esch-Cummins Act, but I do not recall any provision in that law which increased the freight rates.

Mr. McKELLAR. The Senator did not read the bill evidently, if he does not recall where the rates were raised from 100 to 200 per cent.

Mr. CALDER. We gave the Interstate Commerce Commission added authority in the matter and, of course, they increased the rates. But the Senator has not explained, in his interruption, that under the domination of his party during the war billions of dollars were added to the expense of operation of the railroads, and that in those days the rates were increased through the instrumentality of his own commission acting under the authority of his own party. Nor does he tell us that his own President urged that the rates be increased because of the added cost of operation.

Now, Mr. President, just a word on the subject of the so-called stock dividends. I have no defense to make for any corporation in the country that makes abnormal profits. I am not going into that phase of the subject to-day. I do not know the facts about any of the companies which have issued these large stock dividends and to which the Senator from South Carolina [Mr. SMITH] has referred; but it is a simple thing and we ought to have just a word or two of explanation as to how some of these things might happen.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. CALDER. Not just now. I have in my hand a copy of this morning's New York Herald. I notice that its leading editorial is entitled "A 3,333 per cent dividend." The editorial goes into an explanation of just how this corporation, with \$15,000 capital stock, increased its capital to \$500,000. I shall later ask unanimous consent that the editorial in the Herald on the subject to which I have referred may be printed in the RECORD. The story of the development of this corporation is common with thousands of others. It tells in detail how a few men may organize a small business and through hard work, with little profit to themselves over a period of years, develop it into a great organization. During all of the time of its growth it paid taxes on its profits. It simply preferred to extend its business, rather than eat up its gains, and now it turns its undivided profits into stock without increasing its holdings to the extent of one dollar.

I have in mind a corporation, which I know of myself, in the city of New York, which began business 12 years ago, for the convenience of the men who owned the business, with a capital stock of \$25,000 all paid in. The corporation was engaged in building houses. It did an annual business of something like \$300,000. It borrowed on its mortgages from the banks sufficient money to carry on a business of that magnitude. This particular corporation, like many others, has never declared a dividend. From its business of \$300,000 in the first year, as I recall, because I know a great deal about it, it made a profit of something like \$18,000. That was put into surplus. With a capital stock of \$25,000 and a surplus of \$18,000 this company really had a capital of \$43,000 the second year. The profits of the corporation were being taxed in proportion to its earnings, of course. Now that corporation, after a period of 12 years, without having declared any dividends, but earning profits upon its surplus in the meantime, has a value to-day with a capital of \$25,000 and a surplus of something like \$300,000. Of course, that company could issue a stock dividend of \$300,000, which would not affect the value of the property to the stockholders to the extent of one cent. It would not create any more property. It would not change the condition at all. It would simply turn an earned surplus into capital stock.

It seems to me this may be the condition with many other corporations in the country of like character. I know of some that have issued very large stock dividends which have in the main very small capital stock.

I now request that the editorial in the New York Herald to which I have referred may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered. The editorial is as follows:

[From the New York Herald, Saturday, December 16, 1922.]

A 3,333 PER CENT DIVIDEND.

A woolen mill company in Uxbridge, Mass., has declared a stock dividend of 3,333 per cent. But if that fact baldly stated takes anybody's breath away, let him catch it again while listening to a few of the details.

The capital stock of the company before the increase was only \$15,000. It is now \$500,000. The stockholders had long been plowing in earnings on top of that diminutive capitalization of \$15,000 instead of paying them all out as dividends and spending them. A little at a time the earnings went into more machinery, more tools, and more wage-paying equipment until the company was able to do a bigger business than ever had been possible with its original microscopic capital.

Then came bigger earnings from the increased machinery and from the enlarged business, so there was more of those earnings to plow in. There were enough now to add, perhaps, a small wing to the old building, with more equipment, and still more business became possible. Finally there were earnings enough to put up a whole new mill, with a still greater producing capacity.

And so it went until there was a fair-sized business—a business that represented some \$500,000 of capital value in place of the \$15,000 of years before. And it had been put in by the stockholders with their plowed-in earnings just as much as if the earnings had been paid out to the stockholders and then they had subscribed the same amount as new capital to expand the business.

But, at that, the owners of the woolen mill—the stockholders—had not a dollar more of value in it the hour after the 3,333 per cent stock dividend was declared to themselves than they had the hour before it was declared. Under the \$15,000 capitalization of the hour before they had the mill, the machinery, the other equipment, the good will, and the business they were doing. Under the \$500,000 capitalization they now have the same mill, the same machinery, the same equipment, the same good will, and the same business as they had before.

They have more certificates of stock but no more woolen mill. It is the same as when a woman slices an apple pie for the family's dinner. There are more pieces of the one pie. But no more pie.

Mr. SMOOT. Mr. President, while the Payne-Aldrich bill was under consideration we had similar charges made on the floor of the Senate by pointing out at that time three cases. I think, of excessive profits alleged to have been made by cotton manufacturers of the East. At the time we knew nothing about the details of the matter, but a very few days later the so-called profits were explained in detail, and the charges fell flat as no doubt these will.

The Senator from South Carolina [Mr. SMITH] knows enough about machinery to know what \$15,000 would purchase. Fifteen thousand dollars would purchase two and one-half modern looms, that is all, nothing more. Fifteen thousand dollars would about purchase one set of cards. The statement of the Senator is ridiculous on its face. I do not know the history of the case which the Senator calls attention to. There may be some truth in it, but I have no doubt that there is an explanation for the whole thing. I have no doubt, either, that some of the woolen mills and cotton mills as well as almost every other kind of business as well as the industries generally in the United States made large and in some cases extortionate profits during the war. There is no doubt about that. I do not think it bolstered up the Senator's argument for assistance for the farmer, because everybody recognizes the fact that whatever Congress can do to assist him ought to be done and no doubt will be done.

Mr. SMITH. Mr. President, I would like to ask the Senator what he referred to when he used the figures "\$15,000"?

Mr. SMOOT. The Senator stated the capital was \$15,000. I do not know anything about the matter to which he refers, other than what you stated.

Mr. SMITH. I was just looking to see if there was any company with \$15,000 capital stock mentioned in the article.

Mr. SMOOT. That was the woolen mill declaring a dividend of 3,333 per cent about which the Senator spoke.

Mr. SMITH. That was referred to in the clipping which was handed me. I did not see in the item relating the incident about the 16,000 per cent stock dividend any company with any such capitalization as \$15,000.

Mr. SMOOT. I do not know anything about it except what the Senator said. The Senator said there was a woolen mill with a capitalization of \$15,000 which made a profit of 3,333 per cent.

Mr. SMITH. I do not want the Senator to get away from this fact. The argument of the Senator from New York [Mr. CALDER] and the argument of the Senator from Utah is on the assumption that with a small capital stock, with a comparatively large earning, over a period of years of accumulating surplus, they can at the end of that time declare that surplus in the form of stock dividends. That in no way lessens the terrific comparison between the individual industry for which I am speaking and the one I am seeking to illustrate with, for this reason: After a lifetime of working on the farms of this country, the mother and children working as well as the father, we have arrived at a point when not only they can not declare a stock dividend and buy another place, but they have to mortgage their

cattle and their lands and the crops which they are growing in order to meet their necessary living expenses.

Mr. SMOOT. Some time or other the Senate and the House of Representatives will begin to study the situation to ascertain where one of the faults of the high cost of goods lies. I know that the cost of distribution of goods in the United States, which the ultimate consumer has to pay, in many cases is outrageous, and the present system has got to be abolished at some time or other. I admit the demands for delivery of each little item and other unnecessary demands made by the consumer add greatly to the cost. I think I stated in the Senate on a previous occasion that I went to a retail store in Washington and bought a bill of goods and secured an invoice for that bill of goods at retail prices. I took that invoice and purchased from a little wholesale house in Washington the smallest quantity of the same identical goods that I could, and I found there was a difference of 87 per cent between the wholesale price and the retail price which I had paid. I do not know what the wholesaler's profit was; I do not know what was paid to the manufacturer of the goods; but all that profit had to be added to the 87 per cent. When we get backbone enough to investigate and consider the question of the distribution of goods, I think we shall help the ultimate consumer in the purchase of his goods.

Mr. SMITH. Does not the Senator from Utah think that *pari passu*, right along with that, in determining where the fault lies in distribution to the ultimate consumer we have got to provide an adequate and impartial system of credits in order to meet the peculiar conditions under which the industry of agriculture labors?

Mr. SMOOT. If the Senator had confined his statement to that one aspect of the matter, I should not have said a word, because in the main I agree with him; but some day or other, Mr. President, the question of excessive prices which are charged for the goods which are sold in this country will have to be considered. Now, let me call the Senators' attention—

Mr. SMITH. Mr. President—

Mr. SMOOT. Just one moment. Let me call the Senator's attention to an instance that came under my observation. Two years ago, just before Mrs. Smoot and I returned to Utah, Mrs. Smoot bought a pair of shoes for which she was charged \$17. One day as I came out of the elevator at the Hotel Utah to go to my room, I met an old friend of whom I used to purchase shoes when I was in the merchandising business. I said to him, "Hello, Jack, what are you doing here?" "Oh," he said, "I am still selling shoes." I said, "For the same firm?" He said, "For the same firm." He further stated, "I have a line here now, in my room." His room was immediately to the left of the elevator; and he said, "Come in and look at my line of shoes." I went in and, Mr. President, I saw there a pair of shoes which I was positive were exactly the same make of shoes which Mrs. Smoot had purchased for \$17. To be absolutely sure, however, that the shoes were exactly similar, I took the stock number of the shoe and later found it was the identical kind of shoe. I said to my friend, "Jack, at what price are you selling these shoes?" He replied, "I am selling them for \$5.75." I asked, "Is that the price at which those shoes are sold in all parts of the United States?" He replied, "Yes, that is the wholesale price for which they are sold everywhere." Some time or other such exorbitant profits are not going to continue to be charged in the United States.

Mr. SMITH. Does not the Senator from Utah think that he could have helped the situation materially if he had desisted from his advocacy of the tariff iniquity which we have just passed, which makes that kind of thing possible?

Mr. SMOOT. That was before we began the consideration of the tariff bill; it was before the election of 1920. As the Senator from South Carolina refers to that matter, let me call attention to the "tariff iniquity," as he characterizes it. I thought the Senator from South Carolina or some other Senator would make such a statement as he has made, and I brought here to the Senate on yesterday a number of reports not only from France and other foreign countries but from England particularly, including clippings of items from foreign and New York papers. I will only mention one, although I have in my office the letter which contains the complete information. In one cablegram, however, it was stated that the pottery industry of England is again active because of the fact that the Americans have begun the purchasing of pottery of all kinds from England. Then the cablegram went on to say that the increased duty upon pottery in the tariff law had been met by the English manufacturers of pottery by taking the amount of the increased duty off their profits and selling their goods in America for the same price as they had done under the Underwood tariff law.

Not only that, but as to the firm of Gimbel & Co., of Philadelphia and New York, there is a statement—and I shall later put it into the Record—relative to the importation of dresses from Paris and from cities in other foreign countries that at first prices were increased, but it was found that the American people would not buy the goods at an increased price, and therefore the foreigner reduced the price by the amount of the increase in the duty, and was selling the goods at the same old price. That statement came from Gimbel & Co.'s purchaser of the goods.

Every dollar, Mr. President, of the tariff increase, so far as pottery in England and dresses which are imported from France and from other foreign countries are concerned, if those statements are correct, is being paid by the foreigner and goes into the Treasury of the United States. However, I had not intended going into the question of the operation of the tariff law and did not do so until the Senator from South Carolina brought the matter up.

Mr. HARRISON. Will the Senator from Utah yield to me?

Mr. SMOOT. Yes; I yield to the Senator from Mississippi.

Mr. HARRISON. This is quite an interesting discussion, but we have got away from what we were talking about. I think we were discussing the price of shoes, and the Senator from Utah gave a very clear illustration by citing a case where shoes cost \$17, I think it was, and shortly after some salesman stated that his firm was selling exactly similar shoes at wholesale for \$5 per pair.

Mr. SMOOT. For \$5.75 per pair.

Mr. HARRISON. I do not know whether the Senator from Utah bought the shoes after or before he saw the traveling man, but it may be that they were bought after the Ways and Means Committee of the House of Representatives had reported in favor of placing a tariff on hides, but the House, I believe through Democratic votes, took it off, or it may have been after the Finance Committee of the Senate had reported a high tariff on hides and when by Democratic vote in the Senate it was taken off. I am wondering whether that action had any influence on the prices which were being paid for shoes.

Mr. SMOOT. It was before the 1920 election under a Democratic administration. Of course, as to the pair of shoes of which I spoke, if the tariff had been in force it would not have amounted to 2 cents a pair.

Mr. HARRISON. But a tariff sometimes affords an excuse for increasing prices.

Mr. SMOOT. That may be an excuse so far as the seller of the shoes is concerned, but it is afforded no justification by the tariff law.

Mr. HARRISON. I may be mistaken as to my facts, and I do not want the Record to show a mistake; but if I recall the matter aright the Ways and Means Committee of the other House in drafting what was afterwards known as the Fordney-McCumber bill did put a tariff on hides.

Mr. SMOOT. Yes; they did put a tariff on hides.

Mr. HARRISON. But the House, by a very close vote, removed the duty. Then the Finance Committee of the Senate, of which the Senator from Utah is the most influential member, restored the duty on hides, as I recall, in the bill which that committee reported to the Senate.

Mr. SMOOT. They did.

Mr. HARRISON. But the Senate, through Democratic votes, took that duty off. I merely wanted to get the facts.

Mr. SMOOT. The Senator from Mississippi should have said that was done through Republican votes.

Mr. HARRISON. Through Republican votes?

Mr. SMOOT. Yes.

Mr. HARRISON. The Senator will remember as to those who voted for that duty, with the exception of 2 or 3 or 4 or 5, it was Democratic votes which took the duty off.

Mr. SMOOT. So far as that is concerned, there were Democrats who voted for the duty, and only 16 Democrats voted against a duty on hides.

Mr. HARRISON. I said with the exception of 4 or 5 votes.

Mr. SMOOT. But it was Republican votes that took the duty off.

Mr. HARRISON. There were 1 or 2 Republican votes in favor of eliminating the duty.

Mr. SMOOT. There were more than 1 or 2, and the Senator knows it.

Mr. HARRISON. How did the Senator vote?

Mr. SMOOT. The Senator from Utah voted for a tariff on hides.

Mr. HARRISON. Yes.

Mr. SMOOT. Just the same as the Senator from New Mexico [Mr. Jones] and the Senator from Wyoming [Mr. Kendrick]

voted for a tariff on hides. I need not mention the other Senators on the Democratic side who voted for it?

Mr. McKELLAR. How many were there?

Mr. SMOOT. There were quite a number, I will say to the Senator; but, Mr. President, if the duty had been imposed and collected it would not have amounted to 2 cents on each pair of shoes.

Mr. SIMMONS. Mr. President—

Mr. SMOOT. I am not going to enter into this filibuster and keep this discussion up. I want to go on with the shipping bill.

Mr. SIMMONS. I have no wish to filibuster.

Mr. SMOOT. I do not want to be charged with assisting in any filibuster at all.

Mr. SIMMONS. I should like to discuss—

Mr. SMOOT. I am discussing something else besides the tariff bill, which is not now before the Senate.

Mr. SIMMONS. I do not desire to discuss the tariff at this time, but I wish to ask the Senator a question with reference to the illustration he gave as to the prices charged by wholesalers as compared with the prices charged by retailers. Of course if the Senator does not desire me to interrupt him for that purpose I will desist.

Mr. SMOOT. Of course the Senator can ask me a question now, but I should like to finish what I have to say on another matter. The suggestion in regard to the tariff was brought into the discussion by the Senator from South Carolina.

Mr. SIMMONS. I repeat I am not going to discuss the tariff. I will say to the Senator that we have discussed that heretofore, very greatly to the information and edification of the public, and we have had some results from it since, in the last election. We need not discuss the tariff now.

Mr. SMOOT. No; I think we had better not.

Mr. SIMMONS. I do not wish to discuss it, but I do wish to make an observation with respect to the statement made by the Senator a little while ago with reference to the enormous spread between the prices charged by the wholesaler and the prices charged by the retailer, in connection with which he used shoes as an illustration. The Senator showed that there is a spread of, I think, something over 300 per cent between those prices. I was very much gratified that the Senator developed that fact because we had a long discussion here during the last session from which it appeared that the Senators on the other side of the Chamber wished to have the country believe that the big spread between the wholesale and retail prices was due to the extortionate profits charged by importers and department stores who were themselves large importers.

Mr. SMOOT. The department stores are retailers.

Mr. SIMMONS. I only wish in this connection to say I am glad to have this confirmation from the Senator from Utah of the contention we then made in the illustration he now gives of a spread of 300 or more per cent between the wholesale and retail price of a domestic product of universal use. The Senator's statement confirms the contention we on this side of the Chamber then made.

Mr. SMOOT. Mr. President, I rose simply to call attention to the fact that the Senator from South Carolina had in view making the people of the country believe that there were certain manufacturers making 16,000 per cent. He did not qualify it and say whether it was made during one year or not, but he said this was the amount of a dividend that was declared. Then he referred to one particular case where there was a woolen mill with \$15,000 capital that made 3,333 per cent.

I rose simply to say that in 1909, when the Payne-Aldrich bill was under discussion, the same thing was brought before the Senate in relation to some cotton mills—some three of them, as I remember—and when the facts in the case were presented to the Senate it was found that there was nothing to the charge. Then I continued by saying that I had no doubt in the world but that during the war not only the woolen mills and the cotton mills but the retailers and the wholesalers in all kinds of business made large profits. There is no doubt about it at all.

All I can say about the \$15,000 capital stock is this: If that is all the capital stock they had, that would purchase about 2½ looms. It would not purchase one set of cards. So there is something radically wrong with the statement, and I think if time were allowed, if it were worth while, we could write to this concern and find out just what the facts in the case were; but it is quite certain that there could not be a woolen mill with only \$15,000 capital.

I agree in part with what the Senator from South Carolina said in relation to the necessity of assisting the farmer by advancing him the money necessary to carry on his business. Of course, I was always taught when I was young to keep out of debt; that debt was the greatest bondage a man could be

under. If times were normal, and it were possible for the farmer of the country to carry on his business without assistance, my advice to him now would be to keep out of debt; but I recognize the conditions that exist, and I have not any doubt but that the Congress is ready, and not only ready but willing, to pass the legislation necessary to assist him in every way possible.

APPROPRIATIONS FOR DEPARTMENTS OF COMMERCE AND LABOR—
CONFERENCE REPORT.

Mr. JONES of Washington submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "Information regarding the disposition and handling of raw materials and manufactures: For all necessary expenses, including personal services in the District of Columbia and elsewhere, purchase of books of reference and periodicals, rent outside of the District of Columbia, traveling and subsistence expenses of officers and employees, and all other necessary incidental expenses not included in the foregoing, to enable the Bureau of Foreign and Domestic Commerce to collect and compile information regarding the disposition and handling of raw materials and manufactures, \$50,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "Public works: For constructing or purchasing and equipping lighthouse tenders and light vessels for the Lighthouse Service as may be specifically approved by the Secretary of Commerce not to exceed \$240,000, and for establishing and improving aids to navigation and other works as may be specifically approved by the Secretary of Commerce, \$473,000; in all, \$713,000"; and the Senate agree to the same.

The committee of conference have not agreed upon amendments numbered 1, 3, and 4.

W. L. JONES,
SELDEN P. SPENCER,
LEE S. OVERMAN,

Managers on the part of the Senate.

MILTON W. SHREVE,
MARTIN B. MADDEN,
W. B. OLIVER,

Managers on the part of the House.

The report was agreed to.

Mr. JONES of Washington. I ask that the unfinished business be proceeded with.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. McKELLAR. Mr. President, for just an hour and a half I have been waiting to talk about the bill under consideration, the ship subsidy bill. I call attention to the fact that Senators on both sides of the Chamber have taken up this time in talking about other matters not connected with the bill. I hope that that time, at least, will not be charged up to those of us who oppose the measure and that no claim of filibustering will be made against those of us who oppose the pending bill, because of this use of time.

Mr. President, the distinguished Senator from Washington [Mr. JONES] has for some time been an advocate, and an ardent advocate, of building up our merchant marine. It will be recalled that two years ago he, as chairman of the committee, brought into the Senate a bill for the purpose of permitting or directing the sale of our ships to private individuals or corporations, and for otherwise building up and maintaining the shipping interests of America. That bill, apparently, has been an utter failure. I voted for the bill, largely upon the strength of the conclusions reached by the Senator from Washington, for whom I entertain the highest esteem and in whom I have very great confidence; but the bill that he then re-

ported has been a failure, as I have stated. At all events, according to the testimony in the hearings, our merchant marine has steadily gone down and down during the past two years, until now the President of the United States, upon the advice of the Shipping Board, has asked Congress to pass additional legislation to effect the very purposes that were proposed and advocated two years ago in the bill that was passed at that time.

Mr. President, the newspapers of the country, those of them that are in favor of this subsidy—and it seems that a very large proportion of them are in favor of subsidizing the American merchant marine—are trying to make it appear that those of us who do not believe in paying a cash subsidy to American shipping are opposed to building up a great merchant marine or opposed to maintaining a great merchant marine. Nothing can be further from the fact. Most of the very strongest advocates of the merchant marine, those who have done more to build it up than perhaps any others, are opposed to the granting of this subsidy. To show you how it works, in 1916, when a merchant marine bill was first passed under which the great merchant marine that we now have was built, my distinguished friend from Washington was opposed to it and voted against it. He now says he is sorry for it, and that is just like the manly, splendid man that he is.

Mr. JONES of Washington. Mr. President, I did not say I was sorry for it.

Mr. McKELLAR. The Senator said that he had changed his mind.

Mr. JONES of Washington. No.

Mr. McKELLAR. I misunderstood the Senator if he did not, and I would not misrepresent him in any way in the world—

Mr. JONES of Washington. I know the Senator would not.

Mr. McKELLAR. Because I have the highest esteem for him and the greatest confidence in any statement that he may make; but I misunderstood him, unless he said a day or two ago, in answer to a question that was put, that he had opposed the merchant marine bill when it was passed—and the RECORD shows that he opposed it—and that he had since changed his mind.

Mr. JONES of Washington. No; the matter of a filibuster came up, and some one, I think the Senator from Ohio [Mr. POMERENE], asked if I had not talked all night with reference to the bill. I said I had, of course, and he asked me if I thought now that I was mistaken then. I said that I did not think I was mistaken then, but that after the first bill had been disposed of and the second bill came up, and many of the objectionable features were eliminated, my impression is that I voted for that bill. That is the present law, the act of 1916.

Mr. McKELLAR. I think if the Senator will look at the RECORD, as I have done, he will find that he is mistaken about that; but I want to say this about it—

Mr. JONES of Washington. That may be true. I say, I have not looked it up; but I did say, I think to the Senator from Florida [Mr. FLETCHER], that there are many things in the act of 1916 that I think are good, and I joined with him in a protest against the abolishment of the Shipping Board. I have always contended, for the last few years anyhow, that that board is a very important administrative body, and I should like to see it made a board to correspond to the British Board of Trade. I should like to see it have much more power than it has now, so as to promote the development of our merchant marine and meet the practices and policies that are carried out by the British Board of Trade with reference to their merchant marine to the disadvantage of all other merchant marines of the world.

Mr. McKELLAR. Mr. President, I accept, of course, everything that the Senator says on that subject. I know that what ever may have been his views in 1916 or prior to that time about building up a merchant marine, since that time he has become an earnest, sincere, and able advocate of the building up in this country of a merchant marine commensurate with the interests of our country. I believe he feels that way now. I know his intentions are the best. I know that what he seeks to do is to build up and maintain a great merchant marine in this country. I differ with him about his conclusions. I have no criticism to make of him personally in any way in the world; but I do believe, however honestly mistaken he may be, that he is mistaken in the conclusion that it is necessary or advisable to give a cash subsidy to our shipping interests in order either to build up or to maintain those interests.

The conditions that exist now and those that existed prior to 1916 in reference to our merchant marine are very different. It might have been argued with some plausibility before we built a great merchant marine that a cash subsidy was necessary in order to build up a merchant marine and maintain it; but now we have over 10,000,000 tons of shipping in this coun-

try. We have one of the best merchant marines of any nation in the world, second only to that of Great Britain. We have some fourteen or fifteen hundred great steel ships that are as good as the ships of any nation on earth, just as good as those of Great Britain. They are already built. It is not a question of building up a merchant marine. As I said, it might have been argued with some plausibility before this great merchant marine was built by this Nation that it was necessary to subsidize it, but now that it has been built, now that we have it, manifestly it is not necessary to tax the American people, already enormously taxed, already taxed almost beyond their ability to pay, it is not necessary to tax them further in the enormous sum of at least some \$75,000,000 a year in direct and indirect taxes for the purpose of paying a subsidy to these companies.

Mr. President, it is contended that we ought to give this subsidy in order to build up and maintain a merchant marine that we already have, and that unless we do it, unless we give the cash subsidy, we will not have the merchant marine. All such talk is idle. We are going to keep our merchant marine. We are going to maintain it. We are going to make it a success. We are going to make it one of the greatest ocean-carrying shippings in the world. We are going to make it a success all along the line. This nation is determined to do it; and I have no patience with these temporary officers of the Shipping Board who come here decrying our merchant marine, who come here saying that we are unable to compete with other nations, and that we ought not to compete with other nations for much of the trade. I have no sympathy with them. That is not a patriotic doctrine; that is not a patriotic statement to be made by these officers of the Shipping Board, and it ought not to have been made. We are going to get our part of the commerce of the world.

I want to say right here that in discussing the members of the Shipping Board, and in discussing its chairman, I have nothing personal to say about those gentlemen. I am going to discuss what they propose, and I am going to call the attention of the Senate to the fact that this ship subsidy bill is the outcome of the recommendations of Mr. Lasker. I met Mr. Lasker once, and he is a very nice gentleman, a very kindly man. I do not criticize him personally in any way; but what is there in Mr. Lasker's history, what is there in his business life, what is there in his knowledge of shipping, which would justify a departure from the precedents of over a hundred years, and warrant us in embarking upon this course of taxing the American people in this enormous annual sum, fixing it upon them for a period of 10 years, to carry out his views about shipping?

As I understand, prior to two years ago Mr. Lasker never had anything to do with shipping in his life, and I expect that after about two years he will never have anything more to do with shipping in his future life. He has been engaged in other business. He has not been engaged in shipping. It has not been his life work, and why should we follow his views on a subject he certainly knows no more about than other people?

Mr. President, I am for a real merchant marine, a merchant marine that prospers because it has business to carry, not a weak, sickly, hothouse merchant marine, dependent upon the Government to keep its head above water.

There is little provision in this bill for getting business for our merchant marine. This bill is aimed at a cash subsidy from the Government, pure and simple. Its main purpose, apparently, is to get the Government to tax all the people for the benefit of a few shipowners.

My judgment is that we ought to pass a bill which would result in our getting business for our merchant marine, and after we get the business for it, then it will prosper, whether it is in the Government's hands or whether it is in private hands or whether it is in both.

I am perfectly willing to agree to a bill which will reduce the tariff on all goods brought in in American ships in every case where there is a discrimination against our ships and divide such reduction of duty with the owners of the American ships bringing in the goods. I would gladly support a bill to require all American mails to be transported in American vessels. I would gladly support a bill requiring all American officials—Army, Navy, or any other officials—traveling abroad to travel on American ships. I would gladly support a measure to require that all supplies shipped by our Government be shipped upon American ships. I would be glad to support a bill placing harbor regulations on the vessels of any foreign country which in any way discriminated against American shipping. But I am wholly opposed to the un-American, unfair, and unjust method of paying a cash subsidy to a favored shipping

interest, taxing all the people for the benefit of one small fraction of our people.

I want to say this, Mr. President, that we have a number of treaties with foreign countries. As far back as 1913 or 1914 we passed a law looking to the annulment of those treaties. In a recent act we called upon the President of the United States to annul those trade treaties which interfere with and put restrictions on American ships. Both a Democratic President, Mr. Wilson, and a Republican President, Mr. Harding, declined to carry out the mandate of Congress, and those treaties are still in existence. I would willingly vote for a law annulling those treaties, which we have a right to do, and then we could take care of ourselves by passing such laws as we wanted to build up the American merchant marine, as against any nation which put restrictions upon our shipping. I shall later offer such an amendment to this bill.

Mr. President, this bill must succeed or fail under the testimony of Mr. Albert D. Lasker. He is the father of the proposition. He is the principal witness who has been brought before the Congress in advocacy of this bill. He has testified at length. If upon his testimony this bill ought to be passed, it might be contended by Senators here that we should pass it; but I say that no fair-minded man, unblinded by prejudice of any kind, can read Mr. Lasker's testimony and come to any other conclusion than that this bill ought not to be passed, and I am going very briefly to refer to Mr. Lasker's testimony in chief, as shown in the first volume of the hearings.

Mind you, he talks about subsidy. He has little if anything to say about acquiring business for our merchant marine. Acquiring business is not in his mind. He wants to get rid of the ships. He wants the Government to dispose of them to private parties, and then pay those private parties a cash subsidy for running them. That is the burden and gist of his testimony. He does say in one place that there are some new markets to the south of us and to the east of us from which we might get some trade, but otherwise he pays no attention to the question of getting business. Substantially he concedes that the Atlantic business, which is the cream of the business, we are not entitled to.

In no part of this long explanation of our country's shipping business does he dwell upon the necessity of our doing business and getting business from foreign countries. He talks about the necessity of our merchant marine being used in time of war as an auxiliary to our Navy. This is a matter that he has nothing to do with except indirectly. He was put at the head of the Shipping Board for the purpose of building up our merchant marine, not for the purpose of building up our Navy. Our Navy is in other hands. His entire evidence is a complaint against our merchant marine. First, it is not evenly balanced; second, it can not be economically run; third, we need faster ships. He talks about our needing 1,250,000 gross tons of faster passenger ships and about the same amount of faster cargo ships, and then he blandly tells us that we have in operation only 421 ships, the remainder, more than a thousand, being laid up in our harbors.

Mr. SHEPPARD. Mr. President, I make the point of no quorum.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	George	La Follette	Shortridge
Borah	Gerry	Lodge	Simmons
Brandegee	Glass	McCumber	Smith
Brookhart	Gooding	McKellar	Smoot
Calder	Harris	McKinley	Sterling
Cameron	Harrison	McLean	Sutherland
Capper	Heflin	McNary	Swanson
Caraway	Johnson	Moses	Trammell
Couzens	Jones, N. Mex.	Overman	Underwood
Curtis	Jones, Wash.	Page	Walsh, Mass.
Dial	Kendrick	Poin Dexter	Watson
Dillingham	Keyes	Pomerene	
Fernald	King	Robinson	
France	Ladd	Sheppard	

The PRESIDING OFFICER. Fifty-three Senators having answered to their names, a quorum is present. The Senator from Tennessee will proceed.

Mr. McKELLAR. Mr. President, when I was interrupted I was discussing the testimony of Mr. Lasker, the chairman of the Shipping Board. He next makes the astounding statement that 3,000,000 tons of our 6,000,000 tons of cargo shipping is all that is necessary or needed by our country. He makes the further astounding statement that 3,000,000 tons of this steel cargo shipping ought to be dismantled. Here is the chairman of the Shipping Board coming before the Congress asking to dispose of the steel tonnage that he has on hand. He said he believed that 3,000,000 tons of it could be disposed of, that only 3,000,000 tons

is needed by America, and that the other 3,000,000 tons should be dismantled or scrapped. The 6,000,000 tons of shipping no doubt cost the taxpayers of this Republic something like \$2,000,000,000. It must be worth somewhere in the neighborhood of \$1,000,000,000. Mr. Lasker comes before the Congress and testifies that 3,000,000 tons of ship steel cargo shipping should be dismantled and should be put out of competition with the first 3,000,000 tons which he desires to sell to private owners, and at the same time he blandly asked the Congress to create a revolving fund of \$125,000,000 for the purpose of building new ships. In one section of the bill he wants authority to dismantle and junk one-half of all the steel cargo ships, and in another provision of the bill he asks to have a revolving fund of \$125,000,000 arranged by the Government to enable him to build new ships for the shipping interests. How are we to follow these remarkable recommendations? What is the reason for these remarkable recommendations?

He declares that 3,000,000 tons of our cargo shipping is of no value. He declares that we ought not to have but 3,000,000 tons anyway; that the second 3,000,000 tons we now have must be disposed of so that American interests shall not be hurt. Under no circumstances, he declares, shall the second 3,000,000 tons that we now own be used in such a way as to come in competition or to hurt the 3,000,000 tons that is proposed by him to be turned over to the shipping interests. He says on this subject:

Automatically the 3,000,000 poor tons must be done away with.

The remaining 3,000,000 tons must be junked or dismantled. He states that we do not need more than 3,000,000 tons; that we can only use 3,000,000 tons economically; that we own 1,242 steel ships and that only 421 are being used, 1,021 are tied up; that on these 421 the Shipping Board is losing \$50,000,000 annually. He admits that in the year 1921 America carried under her own flag 51 per cent of her foreign trade; that by excluding the trade in the Great Lakes and the Caribbean he shows that American ships carried only 24 per cent and that 5 per cent of this was carried in privately owned ships and 19 per cent by the American merchant marine. He is opposed to the Government running the ships. He says that it is true we are carrying daily 87 per cent of our own trade to Mexico and 57 per cent of the Caribbean trade in our own ships, but he claims that neither the needs of trade with Mexico or the Caribbean call for that type of ship, which is the very backbone of the second line of our Navy, and besides, this kind of ship is not serviceable anyway.

The ridiculousness of this statement is manifest in view of the figures he gives, that in these ships we are carrying 87 per cent of the one trade and 57 of the other. He says it is appalling to think that only 19 per cent of the American trade is carried in Government-owned ships. He says that the Government admits its inability to operate its ships in competition with privately owned ships of the world; that the loss to the Government of \$50,000,000 a year does not include interest on capital invested, insurance, or depreciation; that the Government ought not to have entered into governmental operation. He thinks the Shipping Board is fast approaching perfection, but that no governmental operation can compete with privately owned ships; that when the present board took over the management of the ships they were paying too much commission to those who ran them, but they were not to blame for it. Nobody was to blame for any of the failures of the Shipping Board, past or present. He believes that they have built up a splendid organization in the Emergency Fleet Corporation; that it would compare favorably with any private organization, but that such organization "is discouraged by the impossibility of creating any proper operation through Government ownership," and then, in a spirit of fine frenzy against the board which he was selected to preside over and make successful, he says:

But let us not be deceived; conditions still are bad and will ever remain so under Government ownership because of the impossibility of competing with private operation. Both the sense of initiative and responsibility found in private operation are lacking. Initiative is lacking because neither those employed by the Fleet Corporation nor the managing agents nor their employees in turn have the slightest notion they are building up anything permanent for themselves. At any time Congress may see fit to so reduce salaries that men of ability can no longer afford to stay with the Fleet Corporation.

Mr. President, Mr. Lasker, the chairman of the Shipping Board, says the principal trouble or one of the troubles in the Shipping Board is that they do not pay salaries sufficiently high, and yet he knows that the salaries paid by the Shipping Board are a national scandal. There are three employees of the Shipping Board who are getting salaries of \$35,000 a year. That is more than twice as much as the Chief Justice of the United States receives. It is more than four times as much as any Senator or Congressman receives. It is more than any other official of the Government at all receives, except the

President of the United States. In so far as salaries are concerned, no organization within the Government is paying such salaries as members of the Shipping Board are receiving, and yet the chairman of the Shipping Board comes here and makes the statement that one of the reasons for the failure of the Shipping Board to do anything in the last few years is because the salaries of the employees of the Shipping Board are not large enough. A large portion of his speech before the committee was taken up with the complaint about small salaries, and yet when I mentioned salaries in the manuscript of the argument I am making, when I said \$35,000 a year and said something about it being pitifully small, the printer put a question mark in the margin about it! No officials of the Government, other than those of the Shipping Board, receive anything like half the salaries paid to those officials of the board.

Evidently we see the trouble. Their salaries are not large enough in the Shipping Board. The pitifully small and indecent salaries of \$35,000 a year to men some of whom never received any such salaries before is, of course, sufficient to make it impossible to succeed in the control of our merchant marine. Of course, initiative is lacking, because the head of the corporation is in doubt, does not believe in the system, is opposed to the system, wants to see it fail. I want to suggest to the chairman of the Shipping Board that the employees of the Government have no business looking out for themselves only. It is their duty to look out for the interests of the Government and the Shipping Board. If they are not satisfied with the salaries they are getting, they can go into other business and there are men who will take their places who do believe in making the Shipping Board a success and in making it permanent.

A large portion of the chairman's speech is taken up with the crying against the small salaries paid by the Shipping Board, and yet, as we all know, the salaries received by the high officers of the Shipping Board—not the members, of course—are greater than every officer in our Government except alone the President, and they are not far behind him; and yet the chairman of the board talks about the failure of the board because of the failure of the Government to pay higher salaries. He then says that the Government can not continue to run the ships because they will wear out, even with proper repair. He says that he believes within 20 years our fleet would be worn out and gone. This statement is ridiculous. I doubt if there is a man in this body who has ever crossed the ocean who has not crossed it in ships more than 20 years of age. No wonder the Shipping Board is not a success when its presiding officer talks in this way.

And then he goes on to say in substantiation of his claim:

Our contact with this thing is closer than others, and I am sure the members of the Shipping Board will join with the trustees of the Emergency Fleet Corporation in attesting that I truly record our experience.

His experience is two years. He never was in the shipping business before, and after he retires from his office, with all due respect to him, he will never be in the shipping business again. He certainly ought not to be.

He then undertakes to give the only reason advanced by him why private ships under the American flag must be governmentally aided—namely, because of the higher standards of living of American labor in the shipyard and on the ship. We will discuss this matter presently. After going over the matter of aid, he says:

There is no hope of the establishment of a merchant marine through insufficient aid.

And, by the way, all through his testimony Mr. Lasker testifies, not once but innumerable times, that there is no hope for the American merchant marine; that it can not compete with the merchant marine of other nations; that we can not get business; that we can not be successful. He is decrying against the American merchant marine from the beginning to the end of his testimony.

Rather than insufficient aid, let us have no aid at all and leave the question open until such time as we will give sufficient aid to insure our purpose. The achievement of our purpose should be our aim, not to fool ourselves and others and achieve failure by doing too late when we seem to be doing enough. We should take advantage at this time to write upon our statute books every possible indirect aid that can be uncovered and which can be properly used. * * * We must do enough or nothing (p. 15).

He then tells how he proposes to sell the ships. It is asked that the Shipping Board fleet be sold at world prices, regardless of the cost of construction. He says:

The cost of construction is a war cost and should be written down to zero.

If he sells the ships at "zero" prices, how does he propose to get \$200,000,000 for them? He says he does not believe that he can sell more than 100,000 tons out of the 6,000,000 tons.

How can he get the \$125,000,000 out of 100,000 tons? But there is a better demand for ships than he thinks; yet he proposes to sell the ships for \$200,000,000. After taking care of the charges of the Shipping Board it will take every dollar of the remainder to provide a revolving fund of \$125,000,000 which is authorized in this bill. So that the shipping interests, just as he started out by saying, will get the ships at zero prices or pay nothing for them. I suppose that he means that we should give away the ships, because if the cost of construction is down to zero we are not entitled to any profits on zero. Then he goes on to say:

Whatever we get out of salvage is a profit, and if this fleet, built for war, can be turned into peace-time purposes, we shall verily have performed the miracle of turning the sword into the plowshare. No other of our war-time expenditures shall have such noble salvage. The sale of the Shipping Board fleet at world prices means that those that buy will not have higher capital charges than others to the extent of the tonnage they thus acquire (p. 16).

And to show what is in the chairman's mind, we find on page 13:

At the present time there is by and large no markets—

Meaning world markets—
for our vast tonnage.

In other words, here we have about 10,000,000 tons of ships that we are forced to sell in world markets, when there are no purchasers and when we are told by the chairman that they are only worth zero. In other words, it is perfectly apparent that he means to give away these ships.

We next come to Mr. Lasker's discussion of indirect aid.

In connection with that subject as to some features of his suggestion I agree with him, while as to others I do not agree with him. As I have said, I think our mails ought to be carried in American ships. Until a short time ago more than half of them were carried on foreign ships; wherever our authorities could make contracts with British ships to carry American mails they did so; but Congress got busy several years ago and required a portion of American mails to be carried on American ships, and now the greater portion of them are carried on American ships. All of them ought to be carried on American ships. None of the vast mail of Great Britain to this country comes in American ships; with the two lone exceptions of Finland and Esthonia no other nation employs American ships to carry its mail. The Government not long ago made contracts with those two little countries for a few hundred dollars to carry what small amount of mail they have. It is perfectly manifest that trade and mail go along together, and, of course, it would be a very wise and proper thing for us, under proper regulations as to cost, to give to the American merchant marine our mail contracts.

I next come to another proposal of indirect aid, as set out by Mr. Lasker, which, I think, is proper, and that is the matter of bringing immigrants to this country. We admit now immigrants of various nationalities on a ratio of 3 per cent to those who are already resident in this country. In other words, our immigration has been cut down enormously in the last two or three years, but even under this decreased immigration the transportation charges for bringing immigrants to this country is about \$17,000,000 a year. There is no reason in the world why the business of bringing immigrants to this country should be carried on in foreign bottoms. We restrict immigration; we have absolute control over immigration, and there is no reason in the world why we should not build up our merchant marine by requiring not 50 per cent of the immigrants to travel on American ships but by requiring all of them, if need be, to be transported on American ships.

I think such a policy would be very much better for our country, and I think we should get a very much better class of immigrants if we required all of them to be brought here in American vessels and under the control of American officials. With that provision of the bill I am in hearty sympathy.

I next come to the question of the ships on which our agents travel across the seas. Mr. President, when American officeholders go abroad they do not deign to go on American ships; they are not willing to travel on American ships, but they want to go on British ships for the most part. At all events they want to go on a foreign ship. Last year we paid out—and I think it will be a very astonishing statement to those who are not familiar with the situation—the enormous sum of \$7,500,000 to the owners of foreign ships to carry Government passengers and freight across the Pacific Ocean. The amount paid for such travel across the Atlantic Ocean and in the other oceans of the world is doubtless more than that; so that the Government spends annually for carrying Government freight and Government officials across the ocean not less than \$15,000,000. Of course, that is not good business.

Mr. SIMMONS. Mr. President—

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Tennessee yield to the Senator from North Carolina?

Mr. McKELLAR. I yield.

Mr. SIMMONS. Does the Senator mean that we are spending that amount now, or that we were spending that amount during the war?

Mr. McKELLAR. We are spending that now. We spent that amount last year, if Mr. Lasker is giving us the facts. He states in his testimony that in the Pacific Ocean alone last year the Government paid to foreign ships for the transportation of Government passengers and freight the enormous sum of \$7,500,000.

Mr. SIMMONS. Has the Senator from Tennessee the separate figures as to the amount which was paid by the Government for the transportation of passengers, and can he state that amount?

Mr. McKELLAR. No; Mr. Lasker does not give that.

Mr. SIMMONS. Can the Senator tell us what character of passengers they were? Were they Government employees?

Mr. McKELLAR. They were agents of the State Department, of the War Department, of the Navy Department, of the Department of Commerce, and of the Department of Labor and other departments.

If the Senator from North Carolina will recall, just a day or two ago in the consideration of the consular and diplomatic appropriation bill there was inserted an item of \$30,000 for the purpose of carrying our consular and diplomatic agents across the waters during the next year. I secured the adoption of an amendment to the bill providing in effect that such employees should be carried in American ships, unless some urgent or proper reason for not doing so was certified by the Secretary of State.

Mr. SIMMONS. Is any part of the money paid by the Government for the transportation of its officers and agents and employees for travel between this country and foreign countries to which we have regular lines of steamboats operated by the Shipping Board?

Mr. McKELLAR. I judge so, from Mr. Lasker's testimony. He states that \$7,500,000 was paid to foreign shipowners on the Pacific Ocean alone. I imagine our principal trade in the Pacific Ocean is between the Pacific coast and the Philippine Islands and China and Japan. As to that ocean alone we have the figures. In the other oceans of the world it is more than double that sum, I should imagine. I imagine that what the Government pays out for the transportation of passengers and freight in all the oceans of the world yearly to foreign shipowners amounts to some \$15,000,000; and I think that we very properly ought, under proper safeguards as to cost, to require those passengers and that freight to be carried in American bottoms.

Mr. SIMMONS. Mr. President, what does the Senator estimate to be the amount of subsidy to be paid under this bill?

Mr. McKELLAR. If the Senator will permit me, I will reach that in a few moments; but if he is going to leave the Chamber, I will turn to it now.

Mr. SIMMONS. The only reason I asked the question was to ascertain what proportion of the total amount is represented by the \$15,000,000 referred to by the Senator.

Mr. McKELLAR. I have the different items, and I will give them to the Senator right now, and perhaps refer to the same subject a little later on. I have stated the figures under the head of "The cost of the bill."

The cost of this bill in indirect and direct subsidies will be at the lowest calculation \$77,000,000 a year. The items showing this cost, as found in the bill, are, first, 10 per cent of customs duties, which, as the Senator knows, are impressed with a prior lien for the purpose of paying the cash subsidy.

The customs revenues are estimated at \$350,000,000 a year. That figure is based upon our present income derived from customs duties. The Senator will recall that from the Underwood-Simmons law we had been collecting at our ports something like \$350,000,000 a year for several years past, and therefore 10 per cent of that amount, or \$35,000,000, would be available for the purpose provided for in the bill.

Our Republican friends say that under the Fordney-McCumber tariff law there will be a larger amount of revenues collected than under the Underwood-Simmons law; they say the amount of customs revenue will reach \$450,000,000, or possibly \$500,000,000, a year. If that should be the case, then 10 per cent of \$450,000,000 would be \$45,000,000, which amount, or \$50,000,000, as it may turn out, would be available for the purposes of the bill. In my remarks I have based the calculation in this instance on the revenues derived under the Underwood-Simmons law and have placed the amount therefor at \$35,000,000.

Then, under this bill, income-tax exemptions are allowed amounting to \$10,000,000. In addition to that there are provisions in regard to exemptions from tonnage duties which will amount to another \$4,000,000 a year.

Furthermore, there are provisions for the transportation of Government employees and Government freight which will amount to \$15,000,000; and, in addition, there should be considered the cost of the transportation of Government mail, which will amount to not less than \$5,000,000. Lastly, there is the provision requiring the transportation in American ships of one-half of the immigrants coming to this country, the amount involved in that instance being \$8,000,000 or a little more, making the total amount, as I have said, \$77,000,000.

COST OF THE BILL.

The cost of this bill in direct and indirect subsidies will be at the lowest calculation \$77,000,000, and the items showing this cost are found in the bill and are as follows:

10 per cent custom duties-----	\$35,000,000
Income-tax exemptions-----	10,000,000
Tonnage duties-----	4,000,000
Transportation of Government passengers and freight-----	15,000,000
Transportation of Government mails-----	5,000,000
Transportation of immigrants-----	8,000,000
Total-----	77,000,000

This sum may be greatly increased. The Underwood tariff bill brought in the neighborhood of \$350,000,000 a year, and if the Fordney-McCumber bill brings additional duties, as was claimed for it, the amount arising from this source will be more than \$35,000,000. It has been estimated it may reach \$45,000,000.

Various estimates of income-tax exemptions have been noted, some of them going up as high as \$20,000,000.

Mr. Lasker himself estimates transportation of Government freight and passengers in the Pacific alone at \$7,500,000, and, of course, in the Atlantic and all other seas of the world it will amount to more than \$7,500,000 additional.

Again, of course, it is shown that the cost will be much more than \$50,000,000 from the very fact that the Shipping Board has the right to double the direct compensation.

Senators, if you pass this bill, it will just be an entering wedge for future raids on the Treasury by the shipping interests. They will have a lobby here at all times, and there is no telling to what extent the American people may be taxed in the future if we permit this additional raid on the people's money to be successfully carried out. So that the President is entirely wrong in saying it will be cheaper for the taxpayers to pay these bounties rather than to pay the losses now taking place.

I will pause here long enough while I am on that subject—I intended to reach it later—to say that the President comes before Congress and says we are losing \$50,000,000 a year under existing conditions. The Senator from Florida [Mr. FLETCHER] on yesterday showed how mistaken the President was in giving those figures. Of course, the President is not to blame; he secured his figures from Mr. Lasker as furnished him by the Shipping Board; but, as was demonstrated here yesterday by the Senator from Florida, \$33,000,000, the loss for the present year, was the greatest loss which the Shipping Board has sustained. So, instead of the loss being \$50,000,000 a year, it is less than \$33,000,000. The President, however, says that if we pass this bill the drain on the taxpayers of the country will not be so great as it is now; and yet it is perfectly evident that those who will derive the benefit of the subsidy will receive not less than \$77,000,000. Of course \$33,000,000 is less than \$77,000,000, the President and Mr. Lasker to the contrary notwithstanding, and, as the Senator from North Carolina knows, the Shipping Board has the power under this bill to increase the cash subsidies given under the bill to double what is proposed. So we know as a matter of fact that, instead of the President being correct, instead of Mr. Lasker being correct, instead of losing \$33,000,000 a year, as we have done this year from the operations of the Shipping Board, we will tax the American people not less than \$77,000,000, and I believe the amount will be a great deal more than \$100,000,000 if we pass this bill. That is the difference between what is proposed and what will actually happen.

Mr. SIMMONS. Mr. President—

Mr. McKELLAR. I yield to the Senator.

Mr. SIMMONS. I want to thank the Senator for myself and, I am going to say, for the country for his explanation as to the actual amount which the Treasurer will have to pay out in the shape of a bonus if this proposed legislation shall pass. I myself have not thoroughly investigated, as the Senator has, the question of ultimate cost, but, judging from the statements which have been made by the proponents of the bill, I had not the remotest idea that the amount to be paid out by

the Government would be anything like the staggering sum the Senator now demonstrates will have to be paid out annually by the Treasury.

Mr. McKELLAR. Mr. President, in direct and indirect subsidies granted under this bill it will not be a dollar less than \$77,000,000, and in my judgment it will mean the taxation of the American people, directly or indirectly, to the extent of not less than \$100,000,000 a year. Furthermore, the Senator knows, and we all know, that once this subsidy is granted to the shipping interests, from now on we will have a lobby here working with Members of the House and working with Members of the Senate to increase the gratuities that are given in this bill. It is the history of all gratuities. As soon as you give a gratuity there is an immediate demand for an additional gratuity from the parties who get it.

I want to say right here—and I will depart from the order in which I expected to make the proposals that I have here long enough to say it—that we not only have here the granting of a subsidy itself but we are establishing two principles, two policies, that ought not to be established in this country. One of them is to tax all the people for the benefit of this favored class of people and pay the money to them. The other one is that while every other citizen of this Republic is taxed under the income tax law—there are no exceptions; the President is not excepted; the Chief Justice of this Republic is not excepted; no person is excepted except alone the shipping interests that are so tenderly cared for in this bill—the income taxes alone that are remitted to this favored class of people will amount, according to Mr. Lasker, to not less than \$10,000,000 a year, and according to other experts the amount may run as high as \$20,000,000 a year. It is an indefensible proposition.

Mr. JONES of Washington. Mr. President—

Mr. McKELLAR. I yield to the Senator.

Mr. JONES of Washington. I think I ought to suggest to the Senator there that the Commerce Committee has stricken out, by way of amendment, those provisions. Of course, the amendment has not been adopted, but that is the recommendation of the Commerce Committee—that those provisions be stricken out.

Mr. McKELLAR. I am delighted to hear that. They appear in the bill as reported by the committee, and there has been no formal notice here that such an amendment was going to be offered.

Mr. JONES of Washington. Oh, yes; it is stricken out in the bill, beginning on page 10 of the printed bill.

Mr. McKELLAR. Down to page 20?

Mr. JONES of Washington. Yes; I think about that far.

Mr. McKELLAR. All of Title II is stricken out?

Mr. JONES of Washington. Yes.

Mr. McKELLAR. I congratulate the Senator.

Mr. JONES of Washington. Well, that is hardly correct—not all of Title II, but all of Title II relating to the exemption. There is a depreciation provision that stays in.

Mr. McKELLAR. How much will that amount to?

Mr. JONES of Washington. That is just a provision with reference to fixing a rule for determining the depreciation of vessels. Of course that does not amount to any particular sum. I do not know how much it would amount to. It is more particularly designed to determine a basis to put our people upon an equality with other people in the way of depreciation. The tax exemptions appear from page 9 down to line 19, page 18, of the bill.

Mr. McKELLAR. In the first place I want to congratulate the Senator from Washington and his committee on taking this un-American, unnecessary, improper special favor, special privilege, out of the bill. It ought to have been taken out, of course. It ought never to have been in the bill. I congratulate the Senator and his committee upon their fairness and sense of justice and sense of Americanism in not forcing all other American taxpayers to pay income taxes and permitting only the favored shipping trust, which is proposed to be built up by this bill, to have its income taxes remitted.

Mr. TRAMMELL. Mr. President—

Mr. McKELLAR. I yield to the Senator from Florida.

Mr. TRAMMELL. Do I understand that the bill as originally recommended by Mr. Lasker contained the provision about which the Senator complains?

Mr. McKELLAR. Oh, of course; he laid great stress upon it.

Mr. TRAMMELL. And that was indorsed by the President?

Mr. McKELLAR. It was indorsed by the President and indorsed by Mr. Lasker. Well, I will say this: The President's indorsement of it just referred to the whole project as submitted by Mr. Lasker. As I understand, President Harding has taken this position about the bill: Mr. Lasker caused a study, as he calls it, to be made by experts in his board as

to what kind of a bill ought to be prepared and passed; and thereupon, after he had received the bill as prepared by those who made the study, he approved it and recommended it to the President, and the President has already recommended it twice, I believe, or maybe three times, to the Congress.

Mr. TRAMMELL. That is the original form of the bill as it passed the House?

Mr. McKELLAR. It passed the House in that shape.

Mr. JONES of Washington. Mr. President, I think it is but fair to say that these two provisions are in the act of 1920, signed by a Democratic President, passed without any party division in the Senate and in the House, or at least in the Senate, and that the language of these two provisions is simply the expert language expressing the exemptions provided in the act of 1920.

Mr. McKELLAR. Then, as I understand, if these provisions are stricken out as the committee has stricken them out it will leave the present law, which is a modified and a lesser proposition than is contained in this bill?

Mr. JONES of Washington. No; I doubt if it is a lesser proposition than contained in this bill in these respects, but—

Mr. McKELLAR. Then why was the amendment offered?

Mr. JONES of Washington. Here is the situation: The provisions in the act of 1920 have never really been put into effect, because the rules and regulations provided for therein have not yet been framed and adopted by the Treasury Department.

Mr. McKELLAR. I am very glad to hear that; and I want to say to the Senator that when we come to consider the bill I am going to offer an amendment repealing the provisions of the act of 1920 in so far as exemption from income taxes is concerned. It ought to be done. It is absolutely without merit of any kind, nature, or description. It is unfair and unjust to the other taxpayers of this country to have to pay income taxes and have the shipping interests of the country not required to pay them.

Mr. JONES of Washington. I want to say that, in my judgment, there were most excellent reasons for the incorporation of the provisions in the act of 1920. I do not believe we ought to bring any partisanship into these matters if we can keep it out, but—

Mr. McKELLAR. That view of it is entirely satisfactory to me, but I am afraid a good deal of partisanship has been brought in.

Mr. JONES of Washington. Not by me.

Mr. McKELLAR. No; not by the Senator from Washington. I acquit him and exonerate him.

Mr. JONES of Washington. I do want to say, however, that this provision was proposed by the Senator from Louisiana [Mr. RANDELL]—I know he would not object to my saying so—in the act of 1920; but, as I say, it appealed very strongly to all the members of the committee. My recollection is that the Senator from North Carolina [Mr. SIMMONS], who was a member of the committee, did not oppose it at that time because, of course, the conditions were different then from what they are now, and the purpose of those amendments was to encourage the building of some new, up-to-date ships that everybody concedes that we need, and it was thought that the excess-profits taxes and different taxes then could be used to very great advantage. While it would relieve the individuals, of course, yet it would not relieve them from actual taxation. They would have to put that money into the fund used for the building of these ships.

Conditions are entirely different now from what they were then, but those are simply the facts—that the provisions are in the act of 1920, and this is simply putting them in expert language, they claim. We used what we thought was just plain, common-sense language in telling what it was desired to do, but apparently the experts of the Treasury and other departments could not tell what we wanted to do, and so they have never yet adopted the rules and regulations to carry them out; and our committee thought it was well then to strike these provisions out of this bill.

Mr. McKELLAR. I believe this is one of the first occasions I have ever had in my life to compliment most cordially the expert. Long life to them, if they will keep the hands of private interests out of the Treasury!

Mr. JONES of Washington. They were not intending to do it.

Mr. McKELLAR. I hope they will not attempt to put new life into the old law, because we are not going to have a new law on the subject, according to the report of the committee, and I am going to recommend to the Senate very urgently that it adopt some amendment repealing the remission from taxation provisions of the old law.

While I am on that subject, I want to stop long enough to ask the Senator from Washington if, under the old law, what is known as the Standard Oil fleet and the United States Steel Corporation fleet and the United Fruit Co. fleet are exempted from their income taxes?

Mr. JONES of Washington. They would be covered by that provision in the act of 1920; that is, they would be permitted to take advantage of that provision.

Mr. McKELLAR. In other words, there would be a remission of taxes to the Standard Oil Co., the United States Steel Corporation, and the United Fruit Co., each of which has a most successful and flourishing fleet of ships of its own?

Mr. JONES of Washington. They were not excepted at that time. The real object of those two exemptions, as I said, was to secure the building of fast combined passenger and freight ships that we do not have. That was the object of it, and that was the only justification that the committee had for recommending it to the Senate, and there was not any controversy on the floor of the Senate with reference to it.

Mr. McKELLAR. All I say is, in perfect good nature, that the Senator from North Carolina and the Senator from Louisiana were certainly wrong when they sat there and permitted that provision to go in two years ago—that is, if they could have kept it out—just as I believe the Senator from Washington was wrong in 1916 when he was not cordially for building up our merchant marine as then proposed.

Mr. JONES of Washington. I want to suggest that those Senators did not sit here and let it go through. The Senator from Louisiana [Mr. RANDELL], I know, was very earnestly in favor of it, and proposed it.

Mr. McKELLAR. Well, that just made him still more wrong.

Mr. JONES of Washington. That is just a difference of opinion as to the correctness of their judgment or the Senator's.

Mr. McKELLAR. Oh, of course; but in my judgment they were very wrong in voting these special privileges to the great shipping interests that I have named and other shipping interests that are in a similar situation.

Now, Mr. President, I want to return to the program I have mapped out to say this:

Mr. Lasker's testimony on examination in chief and cross-examination makes it absolutely impossible for anyone to vote for this bill for the reasons that he gives; and why do I say that? I hope Senators will listen to me.

Mr. Lasker says that the reason for our taxing the American people and giving this special subsidy to the shipping interests is, first, that there is a difference now in original capital cost of building ships between our country and foreign countries, and that they can be built for less in foreign countries than they can here in our country, and that this subsidy will equalize the costs.

The next proposition is that the interest rates are less in foreign countries.

The third proposition is that the insurance rates are less in foreign countries.

The fourth proposition is that the labor cost is less in foreign countries.

The fifth proposition is that subsistence costs on our ships are greater than they are in foreign countries.

Those are the five propositions.

I maintain that Mr. Lasker himself has disproved every one of those propositions, and I propose to show it by the record. I first call attention to the original capital cost. It is proposed by Mr. Lasker to sell these ships at \$30 a ton to the shipowners. He says that is the world's price. By the way, there is no world's price. How can he talk about a world's price for shipping a year like this? It is absurd and ridiculous. Probably nearly half of the world's shipping is hung up in the harbors. Sixty-five per cent of Italy's ships are laid up. Twenty-five per cent of Great Britain's enormous merchant marine is laid up, without business. We have some 10,000,000 tons laid up without business, without cargoes. Who is going to buy those ships? He talks about selling them at world prices. He talks about giving subsidies in order to sell them. Who is going to buy them? Mr. Lasker himself does not claim in his testimony that even if this bill passes he can sell over 100,000 tons out of 10,000,000 tons. Why are we talking about selling them?

While I am on that subject, let me say this, it seems to me that a 10-year-old child ought to know better than to suggest the selling of ships at such a time. America, with the greatest merchant marine in the world, second to that of Great Britain, over 6,000,000 tons of great steel cargo vessels and a very large amount of passenger tonnage, the greater part of it laid up,

doing nothing. It can not be sold at any price. I doubt if it could be given away. He should have said also that that condition obtains throughout the world. It obtains in England, in Norway and Sweden, in Denmark, in France, in Italy, Japan, and everywhere. There never was such a depression in shipping in the world as there is to-day. It is the worst year the shipping interests have ever had. They have not the cargoes; they have not the business.

Why should we take these splendid ships this year and undertake to sell them? They cost us \$3,000,000,000. Of course, I do not charge any wrongdoing. I do not know of any wrongdoing anywhere in regard to the matter, but if it were desired to defraud the Government, you could not find a better time to do it than now, nor a better way than by putting these ships on the market at the present time. They can not sell them. There is no way to sell them. They could not sell them if you passed this bill. The Shipping Board have had the authority to sell them; under the present law, for two years, but they have sold practically none, because there is no market for them; and when Mr. Lasker talks about a world market and selling these ships at world-market prices, he is talking about something he knows is misleading.

But I go on about the capital cost. Representative HARDY cross-examined Mr. Lasker. Mr. HARDY had made a study of the needs of the shipping business, as his cross-examination showed. Mind you, Mr. Lasker proposes to sell but 3,000,000 tons of cargo shipping. He wants to scrap the other 3,000,000 tons. He is fixing to organize a trust. He is fixing to give away the 3,000,000 best tons of shipping, as he calls them, to private interests, and pay a subsidy, in these hard times, to run them, and then he proposes to sink or dismantle the other 3,000,000 of what he calls poor tons, so that they may not come in competition with the 3,000,000 good tons in private hands in the future. Was there ever a scheme better calculated to build up a trust in this country? I say there never has been. This is what Mr. Lasker said about the capital cost:

(Hearings, page 25.)

Mr. HARDY. Then, as to that 3,000,000 tons, is there any advantage to the Britisher on the question of original cost—that is, your first element?

Mr. LASKER. Taking it by and large; no.

And again:

(Hearings, page 26.)

Mr. HARDY. Now, then, to get back to the question, with this little bit that is owned and with the vast quantity that may be sold by the Shipping Board to enterprising merchants in America at the cheapest price in the world, have they not got an equal opportunity, so far as original cost is concerned, with the British?

Mr. LASKER. Over a term of years, the answer is unequivocally "Yes."

And again:

(Hearings, page 28.)

Mr. HARDY. All right. What I wanted to get at is this: That according to your statement, the American shipowner now can get his ships as cheaply as they can be gotten in the world, of the same kind?

Mr. LASKER. Yes, sir.

This enormous shipping, which he wants to sell at zero prices, is already built, and if he is allowed by this bill to sell it at zero prices, that will be cheaper than any other nation in the world can build ships. Even Mr. Lasker knows that. He has learned that much about shipping. It did not dawn on him at first, but at last it has dawned on him that that is cheaper than they could be gotten for in other countries.

INTEREST.

The next item of difference mentioned by Mr. Lasker is interest, and a complete answer to this is the act of 1920. The Shipping Board is authorized under that act to lend money to shipowners at any rate of interest. They can lend it at 1 per cent or 2 per cent or any other per cent. They can lend it cheaper than England lends it to her shipowners. The present bill increases the rate of interest and Mr. Lasker says he is satisfied with the present bill. Besides this, he admits in his testimony that the interest rates authorized by us are less than those of Great Britain. He says:

(Hearings, page 32.)

Mr. HARDY. Do you anticipate the Britisher can get any better terms of interest?

Mr. LASKER. No, sir. If I thought he would be able to do it I would have proposed less than I have.

He proposes 2 per cent. I stop here long enough to say that it took those of us who felt an interest in agriculture in this country some 10 years to get a bill passed by which the farmers could go to the Government and borrow money on a 50 per cent valuation of their farms at 5½ per cent interest. Yet by this bill, recommended by Mr. Lasker and recommended by the President of the United States, they come forward and say, "We sell you the ship at zero, then lend you two-thirds of its value," instead of one-half, as they lend the farmers, "at 2

per cent," instead of 5½ per cent. Who is going to stand for that discrimination against the American farmer? We will lend to the American farmer 50 per cent of the value of his farm, the best security in the world, at 5½ per cent, but we will take the shipping trust and let them appraise their ships, not half as good security as the farm, and we will lend them the money on two-thirds of the appraised value, according to Mr. Lasker, at 2 per cent. I thank the House for having put it up to 4½. What the conferees will make it, I do not know, but I imagine Mr. Lasker will have his way about it, so that he can lend money to these favored interests of his at rates cheaper than British rates.

Mr. JONES of Washington. Mr. President, I want to suggest to the Senator that as the Senate committee has approved the House rate that matter will not be in conference.

Mr. McKELLAR. It is a long time before it will get to conference. If it is agreed to it will be 4½ per cent.

Mr. JONES of Washington. The committee recommended it.

Mr. McKELLAR. I know it has been recommended, but it may be changed before it gets to conference.

Now, I read further from the testimony:

Mr. HARDY. Do you anticipate the British shipper can get any better terms of interest?

Mr. LASKER. No, sir. If I thought he would be able to do it I would have proposed less than I have.

Mr. HARDY. Then, the interest charge here will be no greater than there?

Mr. LASKER. I want to make the interest less here than it is there.

Mr. HARDY. Let us suppose you have it equal.

Mr. LASKER. No; let us suppose we have it less. I won't stand for it being equal.

Mr. HARDY. Then if it is less there won't be any disadvantage to the American shipowner?

Mr. LASKER. Sure there won't.

Under the present law Mr. Lasker can lend money to the Shipping Trust at 2 per cent, or less than 2 per cent, if he desires, and yet he comes before the Congress, thinking that probably Members of the House and Senate would not look into the question, and says that one of the reasons why the American merchant marine should be subsidized is because of the difference between the interest British shipowners have to pay and what Americans have to pay.

INSURANCE.

On the question of insurance, Mr. Lasker testified:

(Page 36.)

Mr. HARDY. I have been with the Committee on the Merchant Marine and Fisheries in the House, doing all I can to try to get up a system of marine insurance that would give us equal rates with any other country. I think we ought to have them. I believe we can have them. So far as the Shipping Board is concerned, they own so many ships that probably they can carry their own insurance.

Mr. LASKER. I think they ought to. I think that is our first point of agreement, and I am exploring that now. My mind is running in your direction.

Mr. HARDY. There is no question about that.

Mr. LASKER. The only thing is the setting up of the machinery for making prompt settlement.

Now, since that time an insurance bill in accord with Mr. Lasker's views has been passed and no complaint is made that there is any difference in the matter of insurance, according to Mr. Lasker's own testimony.

LABOR.

Mr. Lasker very shortly disposed of his contention of the difference on labor. He says:

But I do know this, that to-day the labor cost between Britain and the United States is closer together than it ever was before in the history of shipping.

His testimony absolutely refutes the idea that there is any difference in favor of foreign shipowners, in so far as the cost of labor is concerned, and all the tables that are presented and the studies referred to, and the witnesses examined, show that there is essentially no difference in cost. The Americans pay their seamen slightly more, but they have fewer in number, and their efficiency is greater, so that labor costs are substantially the same, and Mr. Lasker destroys by his testimony the very contention he makes on the subject of labor. The labor situation is thus summed up by Mr. Lasker:

Mr. HARDY. If that is left out of this, then I do not want to go into that, except I have a statement here showing the difference in cost of crews amounts to nothing.

Mr. LASKER. I don't know at the present moment that it does amount to anything. (Hearings, p. 36.)

SUBSISTENCE.

The last element of difference claimed by Mr. Lasker was the difference in the cost of subsistence. In his own testimony on cross-examination he just as effectively disposes of this contention:

(Hearings, page 36.)

Mr. HARDY. You pay more for coal and oil in the United States?

Mr. SMULL. We pay the same for them here as there.

Mr. HARDY. Then there is no difference in the fuel cost on coal?

Mr. LASKER. It never has been claimed.

THE LA FOLLETTE SEAMAN'S ACT.

To the credit of Mr. Lasker, he did not claim that the so-called La Follette Seaman's Act, so commonly alleged to be a reason why American shipping could not succeed, was hurtful to the American merchant marine. This contention he very effectively disposed of on cross-examination:

(Hearings, page 43.)

Mr. BANKHEAD I understand from the President's address to Congress, and also from the statement that you have made, that you do not undertake to recommend or urge any material change in the seaman's act that now exists.

Mr. LASKER. You are right. I want to take occasion to say here that I think the seaman's act has been one of the most misrepresented acts of which I have ever heard. I came down to Washington believing, as most people in my part of the country do, if you repeal the seaman's act you would have a merchant marine. That is pure bunk.

CONCLUSIONS FROM MR. LASKER'S TESTIMONY.

So that, Mr. President, if we are to consider this bill from Mr. Lasker's testimony there is no reason for its passage. He himself disproves his own cause. The object of the bill, of course, is to get a direct subsidy from the Government. He bases this demand for a direct subsidy upon five different contentions, and then proceeds by his testimony to disprove his claim in each case. Mr. Lasker makes out a stronger case than any other witness. The remainder of the Shipping Board's testimony is in line with his, and so, upon the facts in the record, the reasons for a direct subsidy are not only not made manifest but they are actually disproved by the principal proponent of the bill.

Yet with this testimony and the other testimony, with these studies which have been made in the Shipping Board, all upholding these contentions, the President and Mr. Lasker come before Congress and ask Congress to give this favored trust a cash subsidy of from \$35,000,000 to \$50,000,000 a year, with power in the Shipping Board to double it, and on the ground that there is a difference between the original cost of construction and the present cost, that there is a difference in the rates of interest, that there is a difference in the cost of labor, that there is a difference in the cost of construction, a difference in insurance, and in subsistence. Mr. Lasker disproves everything that was so claimed, and I challenge Senators favoring the bill to dispute the facts brought out on the cross-examination of Mr. Lasker.

SUBSIDY, NOT A MERCHANT MARINE.

The fact is, Mr. President, that our Republican friends are after a subsidy for special interests and not after building up a merchant marine. They have never cared to build up a merchant marine unless it could be used as a vehicle of transferring Government funds to special interests. They were in control of the Government for nearly 50 years following the Civil War. They never took any steps to build up a merchant marine except on one occasion when they undertook to pass a subsidy bill, and therefore it must be apparent to everyone that their main purpose has been throughout their history not to build up a merchant marine save as a method of transferring public funds to the shipping interests. Take Mr. Lasker's testimony. He is not concerned about a merchant marine. He decries the merchant marine. He runs it down as much as possible. He sneers at it. He throws cold water on the entire proposition, but he is strong for the subsidy to the special interests. The whole of his testimony is aimed at subsidy for the special interests. Apparently he has no thought of building up our shipping. He says nothing about getting business for the merchant marine. It is only to get a subsidy for the owners.

ATTITUDE OF SHIPPING BOARD AGAINST AMERICAN MERCHANT MARINE.

Mr. President, as I have stated before, the whole attitude of the Shipping Board is unfavorable to the building up of an American merchant marine. They do not try to get business. They do not try to hold on to business. Their actions sometimes indicate they are not loyal to the American merchant marine. I am going to read a correspondence that took place between Mr. J. B. Smull and myself in August, 1921, Mr. Smull being one of the \$35,000 a year men employed by the Shipping Board. This correspondence shows that the Shipping Board's policy was even then a policy of tying up as many ships as possible. They did not want business. They not only did not try to get business, but they tried to keep from taking business. I do not charge that Mr. Smull or Mr. Robinson were in the employ of British shipping interests. I assume, of course, they were not, but if they had been in the employ of the British shipping interests they could not have any better served the British shipping interests than they did in their actions in this matter. Mr. Humphreys afterwards chartered an English vessel and carried his cakes to an English port in an English vessel, when, of course, if the American Shipping Board had wanted to take the business they had the first call on it. This is an isolated case, but

it shows the policy of the Shipping Board; it shows the thought of the Shipping Board; it shows that as far back as 1921 the Shipping Board was trying to force itself out of the shipping business.

I come to that phase of the question, which I examined very closely a number of years ago. The present Shipping Board is composed of men against whom I have nothing to say personally. Two of them are as warm friends as I have in the world, one of them a lifelong friend, and another one served in this Chamber with me, and I am devoted to both. I have nothing but the highest respect and esteem for them. I have nothing personal against them. But the truth is that the Shipping Board does not want the American merchant marine to succeed as it is going on. They do not want it to prosper. They do not want it built up. They have other fish to fry. They are not attempting to get business. I say they have never attempted to get business. What they have been trying to do is to lay up ships in the harbors of the country and not to put them to work. I have the indisputable evidence of that, and I now submit it to the Senate and to the country. It came about in August, 1921, in a peculiar way, just after the present board went in. I read the first telegram that brought it about:

[Telegram.]

AUGUST 25, 1921.

Senator K. McKellar,
Washington, D. C.:

Kindly make diligent inquiries of Shipping Board to ascertain how we may proceed to obtain by charter the services of an American steamer to handle full cargo about 3,000 tons cottonseed cakes late October, loading Houston, Tex., to two United Kingdom ports. We naturally desire secure rates somewhat lower than prevails for lesser quantities. Is there any just reason why we can not charter direct with Shipping Board?

HUGH HUMPHREYS.

Mr. Humphreys is a large cottonseed product dealer in Memphis, one of the best merchants we have there, one of the most influential men we have there, one of the best men I ever knew, able financially, and in every other sense a splendid man, good for any contract he might make. I immediately called the Shipping Board—this Shipping Board to some of whose members is being paid the enormous salary of \$35,000 a year to look after American shipping interests—and here is what I was compelled to telegraph my constituent that afternoon:

[Telegram.]

AUGUST 25, 1921.

Mr. HUGH HUMPHREYS,
Memphis, Tenn.:

Telegram received. Called Shipping Board at once. Mr. Smull, in charge of allocation, out of city. Be here to-morrow. Mr. Robinson advises that you can get cakes hauled cheaper by British ships. Will see Mr. Smull when he returns and urge him to let you have ship and at less cost than the British ship.

KENNETH MCKELLAR.

Here is the letter I wrote Mr. Smull that very afternoon:

AUGUST 25, 1921.

Mr. J. B. SMULL,
Shipping Board, Washington, D. C.

MY DEAR MR. SMULL: Inclosed please find telegram from Mr. Hugh Humphreys, of Memphis, Tenn., one of the best and most reliable merchants and brokers there, which telegram explains itself.

I have talked to your Mr. Robinson about the matter, and he did not give me much encouragement, saying that the British could haul the freight cheaper than the American ship could be chartered for. If everybody is told this, we might as well sink our ships. It seems to me that every effort should be made to have Mr. Humphreys charter this ship and haul his cottonseed cakes in it. Mr. Robinson told me that you would be back to-morrow, and I will be greatly obliged if you will advise me over the telephone as soon as you come to a conclusion about it.

I am wiring Mr. Humphreys, and inclose you a copy of my telegram.
Very sincerely yours,

KENNETH MCKELLAR.

It will be seen that this letter and the two telegrams all occurred on the same afternoon. The next day Mr. Smull returned—Mr. Smull, the gentleman to whom we are paying the enormous salary of \$35,000 a year to look after the American ships and to look after American business on those ships. Here is the letter which I received from Mr. Smull and which I now read:

AUGUST 26, 1922.

HON. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I have just returned from New York in connection with the United States mail matters, and find your letter of yesterday awaiting my attention.

I regret I was not here to talk to you in person when you called on the phone yesterday. I have taken this matter up with Mr. Robinson, and while he may have explained himself very bluntly, facts are stranger than fiction, and the fact remains that all full-cargo tramp steamers under foreign flags can operate more cheaply than Shipping Board steamers.

I might add that the conference rate for cottonseed cakes from the Gulf to the United Kingdom ports has been fixed by the American and British interests at \$10 per 2,240 pounds. The present market rate for a full-cargo tramp steamer in the same trade is approximately \$6.50 to \$7 per ton, and your constituent can probably obtain a foreign

steamer at this figure. The Shipping Board would lose money on any steamer they put into this trade at this rate.

Incidentally this explains to you why the Shipping Board is laying up its steamers as fast as they can be laid up, in order to stop losses, and this situation will only adjust itself with an improved condition in the general export situation.

Very truly yours,

J. B. SMULL, Vice President.

Thirty-five thousand dollars a year are we paying to this vice president of the Shipping Board to advise American citizens to ship their goods and wares upon British ships and not upon American ships! He is the man who, when business is presented to him and no question raised about price, gives that sort of advice. Mr. Humphreys wanted an American ship; he wanted to move his cargo. He did not demand that the Shipping Board lose money. He did not demand that the Shipping Board even operate the ship. He asked only that he be allowed to charter a ship to carry his goods from Texas to two United Kingdom ports, and this \$35,000-a-year man, without whom the Government apparently can not get along, without whom the Shipping Board would go into even worse bankruptcy than it now is, this man, with nearly a thousand steamers laid up doing nothing, recommended to my constituent that he charter a British ship!

Mr. ROBINSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Arkansas?

Mr. McKELLAR. I yield.

Mr. ROBINSON. The statement by the Senator from Tennessee and the letter he just concluded may throw some light on why the Shipping Board has not made money and why it has lost so much money.

Mr. McKELLAR. That is just the reason why I read it.

Mr. ROBINSON. Any business concern conducted upon the principle that the manager rejects business and notifies those offering business to transact it with rivals or competitors would more than likely find the business increasingly unprofitable.

Mr. McKELLAR. Yes; what the Senator from Arkansas has said is absolutely correct. What effect is this going to have? Mr. Humphreys is a leader in the business of cottonseed products in my State and in my city. Does anyone suppose any other cottonseed products man or any other merchant of Memphis at all attempted after that time to get an American ship when thus treated by Mr. Smull? And yet he is in charge of allocation; he allots the ships to Americans who want to buy ships, and he is paid \$35,000 a year.

I do not charge Mr. Smull with being an agent of the British Admiralty. Oh, no! I am sure he is not. But let us assume for the moment that he was a different kind of man from what he is, and that he was an agent of the British Admiralty in disguise as an officer of the American Shipping Board; could he have done any more to build up the British shipping and could he have done any more to break down American shipping? I say, Mr. President, that Mr. Smull, if he entertains the views that he expressed in that letter, ought not to be an officer of the American Shipping Board. I am surprised that he remains an officer after writing such a letter.

Now, I want to read the completion of that matter. I have it here. I have another letter dated a few days afterwards, August 28, 1921, from Mr. Humphreys, and I want to read that. I want Senators to bear particularly in mind that he is talking about a man who is so important to the Government that we have to pay him more than twice as much as we pay the Chief Justice of the Supreme Court of the United States, that we pay him more than twice as much as Cabinet officers, and more than four times as much as Senators and Representatives. Here is Mr. Humphreys's criticism:

Memphis, Tenn., August 29, 1921.—Senator K. D. McKELLAR, Washington, D. C.—

He calls me by an affectionate name; we are very intimate friends—

DEAR K. D.: Thank you for your usual promptness in handling the matter of the Shipping Board, and which is in line with the attention that you always give any request.

I agree with you that the letter you sent is a remarkable one and is a complete admission of the inability of the Shipping Board to handle the ships of the country. In my own opinion, the trouble is that they have never handled themselves in a businesslike way and have never entered the shipping business as other shipping companies conduct their affairs. I simply can not understand why the boats are not leased or chartered to various shipping interests of the world, but instead are endeavoring to handle them in a most unbusinesslike way.

The pre-war rate from Gulf ports to Europe was about 10 shillings. To-day the Shipping Board, with everything at about normal prices, confess they can not operate at more than four times that rate.

Don't wake up the Washington office of the Shipping Board—

It has been so long ago—a year and a half having passed—that I feel it is time they should be awakened when they are trying to tax the American people for the cash subsidy which they proposed—

Don't wake up the Washington office of the Shipping Board, but the conference rate, instead of being \$10 per ton, as stated in their wire, is \$8 per ton, and is being so quoted by all of their agents.

Mr. Smull missed it only 20 per cent! That is pretty good for a \$35,000-a-year man. He is surely a great expert, without whom the Shipping Board could not run, according to the statement of Senators of a year ago when they were appropriating the \$35,000 for his salary, that he could not have come any closer than 20 per cent, so I think we ought to congratulate him for not making a greater mistake. Mr. Smull telegraphed that the conference rate was \$10 per ton, when his own agent telegraphed him that it was \$8 a ton—

We do not wish this mentioned, because it might result in their tying up still more steamers and allowing the American produce to rot or be sold at perfectly ridiculous prices because of their inability to properly operate the steamers.

I wish you would send the original of the Shipping Board letter and my original telegram over to Senator McKINLEY, who is president of the Mississippi Valley Association, as I would like for him to see the total impossibility of Americans trying to do business in their own ships. The idea of admitting to other countries that we can not compete, and tying up our ships, is simply beyond my process of reasoning.

With kind regards,

Yours very truly,

HUGH HUMPHREYS.

We remember the condition then prevailing. American produce was rotting on our own shores because of lack of vessels to transport it, and the member of the Shipping Board to whom we are paying \$35,000 a year was tying up our ships in various harbors. I presume the Shipping Board must take some pride in being able to tell the world that we have a harbor at Jamaica Bay, near New York, completely filled with steel vessels belonging to the Shipping Board; that we have vessels tied up in Delaware Bay; that we have them tied up in the James River; that we have them tied up all along the Atlantic seaboard. They wished to tie them up; they did not want the business.

In his testimony that was given to us Mr. Lasker talks about subsidy and about small salaries the greater part of the time, but rarely mentions the fact that the Shipping Board needs business in order to do well and to prosper.

I read another letter:

Memphis, Tenn., September 10, 1921—

That was about 15 days after the \$35,000-a-year agent of the Government turned down Mr. Humphreys's request to charter a ship—

Senator K. D. McKELLAR.

Washington, D. C.

DEAR K. D.: I inclose a copy of the telegram sent you as requested: "I do not believe that the Shipping Board is trying to further any other interest; they simply are admitting their own incompetency and the further fact that the whole arrangement they have of handling the steamers is wrong. I would suggest that a committee composed of some American exporters and American shipping agents be appointed by the President or some one else to study this Shipping Board problem, not with the view of its expense, etc., but with the view of making it serviceable and available to the public and be operated upon the same principles as other shipping interests are operated in other countries, and not with the view of certain governmental iron-clad regulations of trying to force business to meet those regulations rather than providing something that is efficient."

Yours very truly,

HUGH HUMPHREYS.

With a record like this, with a record of inefficiency, with a record of failure to attempt to get business, with a record of refusing business when it is tendered to them on a silver platter, are these gentlemen in any position now to come forward and demand that the American people be taxed in the sum of perhaps \$100,000,000 a year for the next 10 years? They wish to make the contract obligatory upon Congress to appropriate the money for the next 10 years, with probably a billion dollars to go to the Shipping Trust in that time, and to put it beyond the power of Congress to abrogate the contracts. Are they in any position to come to us and ask for such a favor for these special interests? I say they are not in that position; their record is not such that they can come to us as they do and make that request.

Mr. President, I have already discussed President Harding's statement. I do not condemn President Harding. It is perfectly natural that he should take the view of the chief of the Shipping Board. Surely he does and we know he does; but, Mr. President, the only thing that I would criticize in the President's message is that he ought to have examined into the matter; he ought to have looked into these figures; he ought to have investigated the reasons before he came here and recommended that the American people be taxed \$100,000,000 a year for 10 years; and it may be twice that much in the next 10 years; for we all know that once the camel gets its nose into the tent it is very difficult ever to get him out and that he usually gets his whole body in. The President of the United States, it seems to me, owed it to the American people to examine into the facts and figures presented to him by the Shipping Board before he recommended this proposed legislation to Congress.

Mr. President, I referred a moment ago to the fact that this was not a time to sell ships in any event. Of course it is not a time to sell them. We could not sell any ships if we should pass this law. By the way, Mr. Lasker does not think that we could sell more than 100,000 tons out of 10,000,000 tons. How he fixes the amount at 100,000 tons nobody knows, and he does not himself say. However, why should we select this year of all years to sell ships when the whole world has ships tied up and doing nothing; when ships can be had virtually for nothing everywhere? Why should we require the Shipping Board to sell the ships at such a time as this? It is not good business; it is not prudent; and if we permit it we shall commit a grievous wrong upon the American people.

Now, I come to just one other statement. On page 7 of the hearings, here is what Mr. Lasker had to say:

Of the 6,000,000 tons of freighters the Government possesses, it is the hope of the Shipping Board that ultimately a great measure of the 3,000,000 good tons will find itself in the hands of American owners, should the legislation here proposed be adopted. It is doubtful if under the happiest conditions the American flag will need the 3,000,000 good tons in its entirety—

I interrupt my reading of Mr. Lasker's testimony long enough to say at this point, Mr. President, that that statement alone is proof positive that Mr. Lasker ought not to be at the head of the Shipping Board. The idea of any American citizen saying that America will never need as much as 3,000,000 tons of cargo shipping! Mr. Lasker establishes a limit, and then proceeds in this statement further to say that the other 3,000,000 tons of cargo shipping ought to be dismantled and put out of business, because it might come into competition with the ships that are embraced in the 3,000,000 tons of good shipping. Such a statement from the chairman of the Shipping Board is unpatriotic. We all know that in the years to come America will have as many tons of shipping as will any other nation in the world, because America has cargoes to carry in her ships. We do a greater business and the products of America which are carried in ships are greater than those of any other nation in the world, and the time is coming, notwithstanding what these advocates of a hothouse merchant marine may say, when we are going to build a merchant marine in this country which will carry our products of every kind, nature, and description to the markets of the world.

Mr. Lasker proceeds—

and ways and means must be found to dispose of such of the good tonnage as remains, so that American interests will not be hurt.

He wants to sell a portion of these ships and keep the remainder so that those who buy the good ships may not be hurt in the future. I do not charge Mr. Lasker with wrongdoing, but suppose a man wanted to do wrong; suppose he wanted to dispose of our merchant marine to certain favored individuals and fix matters so that they could always make large profits out of the ships thus disposed of, what better arrangement could be suggested than the arrangement which Mr. Lasker suggests, namely, that we shall sell such of the ships as are good; that we shall sell the best cargo tonnage to these favored interests and then destroy the remainder so that they will never have any competition in the future?

Mr. Lasker goes on to say—

Under no circumstances must the surplus good tonnage that America can not absorb be disposed of so as to bankrupt those who buy from the Government at current prices.

Automatically the 3,000,000 poor tons must be done away with. Part of it can be used by selling to Americans the hulls at low figures for conversion to types of freighters of which we are not possessed. The balance may either be sold in small quantities in local trades abroad, if any, where because of shorter runs and cheaper labor local operation may be possible, or it must largely be dismantled. For if we permit a potential surplus to remain, with the possibility of its use in only abnormally prosperous times when any tonnage can be profitably operated, the burden of loss will fall on the good tonnage in times of adversity without full enjoyment of profit in time of prosperity, and thus we depress the price of all of our tonnage, and so it will come to pass that we shall liquidate the whole for less than we could liquidate the good part.

ONE WAY TO BUILD UP A MERCHANT MARINE—BUSINESS.

Mr. President, there is but one way to build up an American merchant marine, and that is to get business for it, to get cargoes for it. Our merchant marine does not need a subsidy. It needs cargoes. Our ships are not lying idle because of the failure of Congress to grant subsidies to them. They are lying idle because they have not cargoes to carry. And the condition in America is not different from what it is elsewhere. Ships in every country are tied up. They are tied up for the want of business, not because they do not get subsidies or can not get subsidies. It is because they can not get business. If business is obtained for our ships they will not be laid up. They will not be idle. They will be busy. And so, Mr. President, it is a puerile thing to do for the Government to attempt

to run our ships, unless they have got business, and to pay for the running of them out of the Public Treasury; and that is what this bill means, and it is easily demonstrated. Take the fleet of the Standard Oil Co. ships. They get no subsidy, and yet they are making enormous profits. Why? Because they have got the business. They have the cargoes, and so with the ships of the United Fruit Co. and the ships of the Steel Corporation. These concerns give them the business, and when they have business they are prosperous. They do not need subsidies. They do not need bounties. They do not need legislation. They are making money right along, even in these, the hardest times ships ever had.

So that I say, Mr. President, that our remedy is not in giving bounties, but our remedy is securing business for our ships. Mr. Lasker says build up our merchant marine by giving subsidies. I answer, build up our merchant marine by obtaining business for our ships. Get them cargoes and they will need no subsidies.

AN ALTERNATIVE PLAN.

It is next claimed by the proponents of this bill that those of us who oppose it have submitted no better plan. The distinguished chairman of the committee [Mr. JONES], for whom I have the greatest respect and the highest esteem, says:

If this plan is not the best plan, he will be for the best plan.

I am not an expert on our merchant marine. I am not an expert on shipping, but it does seem to me that this great Nation of ours has all those things at her command by which and through which a great and successful merchant marine can be built up and maintained, and I want to suggest what seems to me to be a sensible plan, a business plan, of getting business, of getting cargoes for our ships.

Mr. President, I present a skeleton program concerning this matter as follows:

First. I would abolish the Shipping Board and put the affairs of the Shipping Board in the hands of one man and make him responsible for its success. The longer I live and serve in the Congress the more convinced I am that the policy of establishing boards as executives is an unwise policy. It is a dividing of responsibility which makes for divided purpose, which makes for inefficiency, and I believe that executive action should be individual. I believe the best results would come from turning the affairs of this bureau of the Government into the hands of one man and making him responsible.

Second. I have long thought that the American merchant marine should be a part of the Department of Commerce. The agencies of the Department of Commerce—foreign and domestic agencies—should all be used for the purpose of building up our merchant marine and making it successful. Our commerce agents abroad should also be agents of the American merchant marine. I have not thought this out as carefully as it deserves to be considered, but our merchant marine is, or ought to be, simply a carrier for our foreign and domestic commerce, and the agents of our Commerce Department should work in entire harmony with and work for our merchant marine. This Shipping Board admits it has made a failure of operating our ships. Abolish the board and put our shipping in the hands of one man and hold him responsible and it will be more successful.

Third. Our mail should be carried entirely in American ships. In round numbers, last year we paid American vessels about \$4,000,000 for carrying our mails and foreign vessels about \$2,000,000. All of our mail should be carried in American vessels. This would add \$2,000,000 a year of business to our Shipping Board. It would aid in furnishing cargoes for our merchant marine. It would aid in furnishing business for our merchant marine, and this we ought to do.

Fourth. We should pass laws providing that immigrants to this country should be brought in American vessels. Why do we permit this enormous business to go principally to foreign vessels? We restrict immigration. We lay down rules and regulations upon which immigrants shall come to this country. We have an essentially idle merchant marine. These immigrants are very very desirous to come over here. They would be delighted to come in our vessels. Then why should we not take charge of this very lucrative trade for our own ships? If we did not want to take all of it, surely we should take a very large portion of it. It is a business we can absolutely control. It is a business we should control. It would be a most effective aid in, not furnishing a gratuity to our shipping, but in furnishing business for our shipping by which it could grow in a healthy endeavor.

Fifth. Mr. Lasker informs us—and we assume he is correct—that our Government pays to the ships of other nations on trans-Pacific passengers and cargoes alone the enormous sum of \$7,500,000 annually. (Hearings, p. 18.) It is fair to say

there seems to be some doubt about what Mr. Lasker means as to this matter.

Why, not a pound of this freight and not a passenger should be allowed to be transported on foreign vessels. It should all be done on American ships. It is unpatriotic in these officers of the Government to travel on foreign ships when they can get American ships that are just as good, and it is unfair in the agents of the Government to ship their cargoes for Government use on foreign vessels. The law should require that they ship these cargoes and passengers on American vessels. This item of business alone would probably amount to \$15,000,000 a year, if Mr. Lasker's statement is correct. This will give our merchant marine business. It will not give it a gratuity.

Sixth. Section 34 of the shipping act reads as follows:

SEC. 34. That in the judgment of Congress, articles or provisions in treaties or conventions to which the United States is a party, which restrict the right of the United States to impose discriminating customs duties on imports entering the United States in foreign vessels and in vessels of the United States, and which also restrict the right of the United States to impose discriminatory tonnage dues on foreign vessels and on vessels of the United States entering the United States should be terminated, and the President is hereby authorized and directed within 90 days after this act becomes law to give notice to the several Governments, respectively, parties to such treaties or conventions, that so much thereof as imposes any such restriction on the United States will terminate on the expiration of such periods as may be required for the giving of such notice by the provisions of such treaties or conventions.

But President Wilson and afterwards President Harding both have seen fit to disregard this mandate of Congress on the ground, I am told, that it interferes with the power of the President and the Senate to make and execute treaties. On the other hand, there is nothing better settled than that Congress has the power to abrogate by law treaties already made. The treaties referred to in this section should be abrogated and Congress should if other nations discriminate against us impose discriminating duties on imports entering the United States in foreign vessels and in vessels of the United States. Such a law would create an enormous business for our merchant marine. It would alone be enough, in my judgment, to make our American shipping blossom like a rose if our commercial adversaries continue to discriminate against us.

Seventh. The high tariff wall that has been placed around our country by a recent act of Congress should be removed. We should trade with the rest of the world, and the only way we can trade with it is by buying their goods while we sell them our surplus products.

Eighth. We should repeal that provision of the merchant marine act of 1920 which provides for the remission of income taxes of those engaged in shipping. Such a law is un-American and indefensible.

Ninth. Abolish all tax exemptions.

Tenth. Prohibit anyone connected with the Shipping Board becoming interested in the purchase of any ships for a period of 10 years.

Mr. President, if these suggestions were put into law, in my judgment, they would do more to build up and successfully maintain our shipping than all the direct subsidies in the world.

Eleventh. Prohibit any further sale of steel vessels, passenger or cargo, until there is a better market. No vessels should be sold on the present low market. The shipping tied up idle all over the world makes it a futile thing to talk about, this being an opportune time now for selling ships.

NEED OF A REAL MAN.

Mr. President, there never was such an opportunity for a real shipping man as there is now for one at the head of our merchant marine. It we had our merchant marine in the hands of a man who wanted really to achieve something splendidly great for his country, the opportunity is here and now for such a man. But he must be a man with no other interest, no other views, no other purposes, no other desires, except to build up our merchant marine. He must go into it with his whole heart and soul and mind. Think of what an opportunity it would be! He would already have the richest Government in the world behind him. Congress would delight to uphold him in making our merchant marine a success. But he can not win if he is afraid. He can not win unless he is willing to fight. Of course, he has to fight Great Britain on every sea. He will be obliged to come into competition with British ships everywhere, with Japanese ships and French ships and Italian ships, and the ships of all the other nations of the world, but with this Government behind him there is no reason why he should not soon build up for the United States the greatest merchant marine that there is or ever has been on the seas. It will take a man of nerve; it will take a man of ability; it

will take a man of the most scrupulous honesty; it will take a man who is capable of doing great things. If we can find such a man, the opportunity is here for him to make the greatest name for himself of any man in our country, because the building up and maintenance of a merchant marine is the one great American governmental project of the future. No man afraid, no mollycoddle, can do it. It will take a real man.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. McNARY in the chair). Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield to the Senator from Nebraska.

Mr. NORRIS. I wish to ask the Senator if he will yield to me for the purpose of permitting me to make a motion to take up another bill in lieu of the bill now pending? I do not desire to take the Senator off the floor, but he can proceed afterwards with his remarks, for my motion will be debatable.

Mr. McKELLAR. I would rather yield now and proceed later. I yield to the Senator to make such a motion. I hope, then, that an adjournment may be taken until Monday, if it meets with the approval of the chairman of the committee.

Mr. NORRIS. I have no desire to take the Senator off the floor.

Mr. McKELLAR. I understand that.

Mr. NORRIS. But the motion I intend to make will be debatable and the Senator can resume his remarks on that motion.

Mr. McKELLAR. I would be very glad, indeed, to be relieved at this time, and I yield to the Senator from Nebraska.

PURCHASE AND SALE OF FARM PRODUCTS.

Mr. NORRIS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 4050, to provide for the purchase and sale of farm products.

I should like to say, if the Senator will permit me, that I have no disposition to crowd that motion to a vote this evening, because I understand that many Senators have gone away. The motion, of course, is itself debatable, so that it need not interfere with the debate.

Mr. JONES of Washington. Mr. President, I do not understand that the Senator from Tennessee yielded the floor or intended to yield the floor; but I am not going to make any point against entertaining the motion of the Senator from Nebraska, because he could make it, of course, when the Senator did yield the floor, and he does not intend to press it to a vote this afternoon. So I will make no point under the rules as to the presentation of the motion while the Senator from Tennessee holds the floor.

Mr. ROBINSON. Would the Senator from Tennessee like to conclude his address this afternoon?

Mr. McKELLAR. I should prefer to conclude on Monday, unless it is imposing a hardship on the Senator from Washington, which I do not want to impose. I think it will take me only a few minutes to conclude; and, as I said, I would rather conclude on Monday. I will say to the Senator that I am substantially through.

Mr. JONES of Washington. I had hoped that we could remain in session until 4 o'clock.

Mr. ROBINSON. I suggest to the Senator from Washington that he yield to the request of the Senator from Tennessee. There is not a quorum here, and in all probability it would be impossible to get a quorum.

Mr. JONES of Washington. We shall want a short executive session.

Mr. ROBINSON. Yes.

Mr. McKELLAR. I thank the Senator very much.

Mr. JONES of Washington. If the Senator says he would like to conclude Monday, I am not disposed, under the arrangement that has been made, to press him to conclude to-day; so, with the motion of the Senator from Nebraska pending, I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The Senator will please suspend until the Chair states the motion. The Senator from Nebraska moves that the Senate proceed to the consideration of Senate bill 4050, to provide for the purchase and sale of farm products.

Mr. JONES of Washington. Mr. President, I simply desire to renew the statement I made yesterday, that next week I want to press the shipping bill much more than I have during the present week, and I hope that we may run probably from 11 o'clock until half past 5 or 6 o'clock each day during the week.

Mr. HARRISON. Mr. President, a parliamentary inquiry, if the Senator will withhold his motion for a moment. A motion having been made to take up the so-called Norris bill, when we adjourn this afternoon, will that be the pending matter after 2 o'clock on Monday?

The PRESIDING OFFICER. The Senate has heretofore agreed to recess from to-day until Monday; and the pending question on the reconvening of the Senate on Monday will be the motion made by the Senator from Nebraska.

Mr. McKELLAR. Regardless of the morning hour.

The PRESIDING OFFICER. There will be no morning hour.

Mr. McKELLAR. If we recess there will be no morning hour, of course.

LLOYD-GEORGE'S WAR MEMOIRS.

Mr. ROBINSON. Mr. President, as reflecting an interesting side light on the apparent effort of great European statesmen to influence public opinion in the United States on international political questions, I ask that there be printed in the RECORD an article published in the New York Times of this date relating to the cancellation of a contract by the New York Times and the Chicago Tribune for the publication of the memoirs of Mr. Lloyd-George because of his subsequent arrangement with other publishers to give publicity to political articles by the former British Premier.

I ask unanimous consent that the article may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows.

[From the New York Times of Saturday, December 16, 1922.]

NEW YORK TIMES-CHICAGO TRIBUNE CONTRACT FOR LLOYD-GEORGE'S WAR MEMOIRS CANCELED.

The New York Times and the Chicago Tribune announced on September 15 last that they had jointly purchased for the United States and certain other countries in the Western Hemisphere the serial rights to the war memoirs of Mr. David Lloyd-George, then Prime Minister of England. The price to be paid was £40,000, of which £4,000 was paid in advance. For reasons that will be set forth below, the contract for this purchase has now been canceled, at the instance of the New York Times and the Chicago Tribune, and after legal proceedings had been begun by them against Mr. Lloyd-George.

The contract was signed after representations had been made by the agent that the work had been begun and was then in progress, and that, although Mr. Lloyd-George might soon retire from office and thus gain more time to devote to the work, yet, even if he remained in office, half of it, he hoped, would be delivered to the purchasers by January 1, 1923, and the remainder as rapidly as possible. However, to meet the contingency of Mr. Lloyd-George's long continuance in office and arduous occupation with government labors, a period of two years was allowed for the completion of the work.

With great surprise, therefore, the New York Times and the Chicago Tribune learned on November 23 that Mr. Lloyd-George, who had just retired from the office of Prime Minister, was about to enter into a contract with an American "syndicate" to write weekly and fortnightly articles on current topics for a period that, under a proposed option, might be extended to 108 weeks, overlap the two-year period within which the memoirs were to be completed, and, in the opinion of the purchasers, endangering their delivery and impairing their value.

The two newspapers at once made energetic protest, but on the following day, November 24, Mr. Lloyd-George entered into the new contract, whereupon they urged that the proper course was the cancellation of their contract for the purchase of the memoirs. Mr. Lloyd-George replied that he had not violated his contract with the New York Times and the Chicago Tribune either in letter or in spirit, and that the memoirs would not be delayed. A subsequent communication addressed to the managing editor of the New York Times follows:

18 ABINGDON STREET, WESTMINSTER, S. W. 1,
December 1, 1922.

DEAR SIR: It is with great surprise that I learn that you take exception to the contract I have signed with the United Press for a series of articles on current politics, on the ground that the value of my book on the war will be interfered with by the appearance of these articles before the book is published. I can not take your view that a series of short articles not encroaching in the least upon the material of the book can possibly influence the arrangements you have made for publication of the serial rights.

Moreover, I can assure you that the date of publication of my war memoirs will not be delayed by reason of my contract with the United Press. I am already engaged, and am employing the assistance of others, in accumulating material for these volumes. As the only minister who held high office right through the war I imagine my book will be a contribution which no other person is in a position to make to the story of that tremendous event. Such a work is bound to take time, for all the facts must be carefully considered and verified, and the utmost care will be required in their compilation. It is not desirable, therefore, that the preparation should be hurried, and I intend to take ample time over it, at the same time avoiding any unnecessary delay.

On the other hand, I never supposed for one moment that the contract which I signed with you would preclude me from the publication of political articles. Had there been such a clause in the contract I would never have signed it. Apart from my memoirs, I always intended to write as soon as I left office. I have my living to earn. After 17 years in office I have retired a poor man, and it is absolutely imperative that I should turn to writing as a means of livelihood. The proceeds of the book for which you hold the serial rights are, as you know, to be given to charity.

The terms of my contract are explicit, and I have not deviated from them. But I hate the idea of standing on the legal interpretation. I therefore set forth the above reasons for your judgment lest you should imagine that I am standing merely on the letter of my bond whilst making illegitimate profit for myself by infringing its spirit.

Yours truly,

D. LLOYD-GEORGE.

It was on August 3 that the New York Times and the Chicago Tribune first committed themselves to the purchase of the memoirs, and it was three weeks later when Mr. Lloyd-George, whose prospective profits had in the meantime been criticized in the English press, announced that he would give those profits to charity. The New York Times and the Chicago Tribune were therefore not aware at the time of this commitment of the later announced purpose of Mr. Lloyd-George.

A considerable correspondence by cable ensued upon Mr. Lloyd-George's contracting, on November 24, for the series of articles to be published before the memoirs, but without immediate result. Meanwhile his new articles were being offered to newspapers in America in such phrases as "they will be released long before the memoirs"; "our contract covers everything George will write during the coming year and carries with it option on another year's series," and "new series much more valuable than the memoirs"; "articles being current interest and injuring the value of the memoirs." The originals of some of these messages, as delivered to the persons addressed, are in the possession of the New York Times. Mr. Lloyd-George has expressed strong disapproval of the phrases used in them in offering his new articles to American newspapers, and states that they were issued without his knowledge or authority.

The long cable correspondence failing to produce the desired result, the New York Times and the Chicago Tribune, through their London counsel, the Hon. Sir Charles Russell, began on Wednesday last an action in the High Court of Justice in London against Mr. Lloyd-George, asking for an injunction restraining advertisements disparaging or prejudging or affecting the value of the memoirs, restraining the publication of Mr. Lloyd-George's articles written under the agreement made on November 24 with an American "syndicate," and alternatively asking for the rescission of the contract made by Mr. Lloyd-George with the New York Times and the Chicago Tribune. Leave was granted for a motion to be heard on Friday. On Thursday Messrs. Lewis & Lewis, solicitors for Mr. Lloyd-George, arranged with Sir Charles Russell for the cancellation of the contract of the New York Times and the Chicago Tribune with Mr. Lloyd-George and the return to the two newspapers of the advance payment less a part of the commission that had been paid by Mr. Lloyd-George to his agent.

The settlement was concluded by the two subjoined letters, the first from a member of the firm of Lewis & Lewis, representing Mr. Lloyd-George, to Sir Charles Russell, representing the New York Times and the Chicago Tribune, the second Sir Charles Russell's reply thereto:

ELY PLACE, HOLBORN, December 14, 1922.

DEAR SIR: I have seen Mr. Lloyd-George with reference to my interview with you about his contract with regard to the serial rights of his book on the war with your clients. He wishes to state most emphatically that every shilling he has received has been paid to a separate banking account, and he has not used it in any way for his personal expenditure. He also wishes to add that at the time the contract was signed he had written several chapters, and this I can personally vouch for, as I read them.

The advertisement which you tell me was issued in America was issued without his knowledge or authority, and he disapproves of and expressly repudiates it. He has no wish to continue to remain a party to this contract if your clients wish it dissolved, and he has instructed me to so inform you, but he thinks it due to his honor that any misunderstanding as to the use of the money paid as a deposit should be at once removed.

Please let me hear from you.

Yours sincerely,

REG. WARD POLE.

The Hon. SIR CHARLES RUSSELL, Bart., K. C. V. O.

LONDON, December 14, 1922.

DEAR SIR: I of course accept on behalf of my clients the assurance which you have given me that the amounts paid on account of the price of your client's book have been placed by him to a separate account and have not been touched by him or used for his personal expenditure, and that he always intended to give the whole of the proceeds received by him to charity. I should like to take this opportunity of assuring you that neither I nor they intended to convey any suggestion to the contrary.

I appreciate your offer to cancel the contract, and I am instructed to accept it in the spirit in which it is made. May I conclude by saying that I think your client has met a difficult position in a fair and honorable manner, a view with which I am confident my clients agree.

Yours sincerely,

CHARLES RUSSELL.

The New York Times and the Chicago Tribune desire to say that at no time have they suggested that any improper disposition has been made of any part of the money by Mr. Lloyd-George.

How the New York Times first learned of Mr. Lloyd-George's new plans, and how, through the kindly intervention of a friend in London, opportunity was made, but necessarily rejected, to take the new series of articles away from the "syndicate" that had projected it, is shown in the dispatches assembled in the following cable message sent by the managing editor of the New York Times to its correspondent in London:

NEW YORK, November 23, 1922.

NYKTIM, London.

Received to-night following from a London newspaper:

"LONDON, November 23.—Learned to-day Keen, United Press, been negotiating for series 30 articles by Lloyd-George, each article about 2,000 words. Keen guaranteed £7,500, syndicating proceeds beyond that amount to be divided between contributor and United Press. Immediately saw George, begged him not to close with offer until I informed you. He agreed not to close until Saturday, on which day Keen returns to America. Articles will be for publication weekly the first 12 weeks, subsequently at fortnightly intervals. They would be of undoubted world-wide import and interest, the subjects including American relations, reparations, the Irish treaty, the Turkish treaty, the Socialist menace, international trade, our new Parliament. George is strongly impressed by Keen's stating the articles would be published in 150 papers. George values such wide publicity. Reply whether you want his articles. Think could get them for you for definite sum of

£8,500, this to include South American newspaper rights. Only knew at last moment of these negotiations, and only my strongest personal entreaties got the matter held up. If you are interested better allow me to go up to £9,000 if necessary to clinch the matter, relying upon me getting you best bargain possible."

To this I sent the following reply:
"New York, November 23.—We will have absolutely nothing to do with Mr. Lloyd-George's proposal to sell 30 syndicated articles. On his agent's representation that if he retired from office he would at once set to work to finish his war memoirs, a start on which had already been made the New York Times and the Chicago Tribune purchased the American rights to these memoirs for £40,000. We would, therefore, regard an intervening series of articles as the grossest breach of faith toward us. The memoirs are not yet fully marketed in this country, and not only would the announcement of this new series close our market entirely but we should feel obliged to release those who have already contracted with us, if they so desired. We feel that if we took this new series and offered it to the newspapers that have bought the memoirs we might be justly regarded as having in effect defrauded them, and how much more would we be so regarded if we offered the new series to a new clientele? While we have not yet had time to consult the Chicago Tribune, we can say that we shall not quietly submit to any deprivation of our rights."

While it is difficult to believe such a course is contemplated by Mr. Lloyd-George, the representations made are such that we feel we must act immediately. Will you therefore at once deliver copies of this message to Mr. Lloyd-George, Mr. Curtis Brown (Lloyd-George's agent in the sale of the memoirs), and Sir William Berry (owner of the London Sunday Times and head of Cassell & Co., book publishers, purchasers of the English rights), and make energetic protest against execution of any such plan, which would destroy serial value of memoirs and greatly impair book value. The new series outlined would inevitably draw upon material properly belonging in memoirs; and, in any case, Brown's assurances justify us in expecting prompt work on memoirs. Since reply was sent to London newspaper have received strong protest from Chicago Tribune, which will doubtless instruct its London correspondent to join in your efforts. We desire immediate assurance that other literary work will not be permitted to delay the memoirs. Answer earliest moment Friday.

VAN ANDA.

EXECUTIVE SESSION.

Mr. JONES of Washington. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 3 o'clock and 40 minutes p. m.) the Senate, under the order previously made, took a recess until Monday, December 18, 1922, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate December 16, 1922.

COAST AND GEODETIC SURVEY.

Edward Perry Morton, of New Jersey, to be aid, with relative rank of ensign in the Navy, in the Coast and Geodetic Survey, vice R. W. Woodworth, promoted.

POSTMASTERS.

CALIFORNIA.

Harry W. Haskell to be postmaster at Indio, Calif., in place of Fred Swartz, resigned.

GEORGIA.

Clifton O. Lloyd to be postmaster at Lindale, Ga., in place of C. O. Lloyd. Incumbent's commission expired September 28, 1922.

Andrew H. Staples to be postmaster at Metter, Ga., in place of J. R. Dixon. Incumbent's commission expired September 28, 1922.

ILLINOIS.

Hanson A. Garner to be postmaster at Chandlerville, Ill., in place of C. W. Jones, deceased.

John F. Flickinger to be postmaster at Lanark, Ill., in place of W. B. Hogan. Incumbent's commission expired October 24, 1922.

Ora C. Hays to be postmaster at Villa Grove, Ill., in place of G. E. Combs, resigned.

INDIANA.

Fred Austin to be postmaster at Birdseye, Ind., in place of W. T. Rowland, resigned.

Oliver A. Potter to be postmaster at Geneva, Ind., in place of W. W. Briggs. Incumbent's commission expired September 5, 1922.

Louis T. Heerman to be postmaster at Syracuse, Ind., in place of B. F. Hoopingarner. Incumbent's commission expired September 5, 1922.

IOWA.

William W. Andrew to be postmaster at Dexter, Iowa, in place of G. A. Crane. Incumbent's commission expired September 5, 1922.

Lorenzo D. Haworth to be postmaster at Dunlap, Iowa, in place of L. S. Edwards. Incumbent's commission expired September 5, 1922.

KANSAS.

Effie M. Brown to be postmaster at Centralia, Kans., in place of M. P. Weyer. Incumbent's commission expired September 13, 1922.

Newell R. Kirkham to be postmaster at Lebo, Kans., in place of H. N. Jones. Incumbent's commission expired September 13, 1922.

Elam Shaffstall to be postmaster at Luray, Kans., in place of C. L. Gray, removed.

Caroline Boman to be postmaster at Virgil, Kans., in place of C. W. Sharp, declined.

LOUISIANA.

Ethel I. Montgomery to be postmaster at Delhi, La., in place of A. I. Redmond, removed.

MARYLAND.

Thomas B. Griffith to be postmaster at Cockeysville, Md., in place of A. D. S. Harrower. Incumbent's commission expired November 21, 1922.

MASSACHUSETTS.

Henry L. Pierce to be postmaster at Barre, Mass., in place of H. L. Pierce. Incumbent's commission expired October 1, 1922.

Lucius E. Estey to be postmaster at Brookfield, Mass., in place of E. F. Delaney. Incumbent's commission expired October 1, 1922.

Charles J. Dacey to be postmaster at Conway, Mass., in place of C. J. Dacey. Incumbent's commission expired November 21, 1922.

Horace W. Collamore to be postmaster at East Bridgewater, Mass., in place of T. E. Luddy. Incumbent's commission expired October 1, 1922.

Henry L. Ripley to be postmaster at Edgartown, Mass., in place of H. L. Ripley. Incumbent's commission expired October 1, 1922.

Thomas J. Murray to be postmaster at Prides Crossing, Mass., in place of E. S. Pride, deceased.

William C. Temple to be postmaster at Rutland, Mass., in place of D. A. Smith. Incumbent's commission expired October 1, 1922.

Douglas H. Knowlton to be postmaster at South Hamilton, Mass., in place of D. H. Knowlton. Incumbent's commission expired October 1, 1922.

Walter C. Ring to be postmaster at Woronoco, Mass., in place of R. M. Mudgett, resigned.

MICHIGAN.

Andrew Bram to be postmaster at Hancock, Mich., in place of D. A. Holland. Incumbent's commission expired January 24, 1922.

Etta R. DeMotte to be postmaster at Memphis, Mich., in place of E. R. DeMotte. Incumbent's commission expired September 13, 1922.

MINNESOTA.

John R. Forsythe to be postmaster at Cohasset, Minn., in place of Albert Newstrom, resigned.

Edith B. Triplett to be postmaster at Floodwood, Minn., in place of J. W. New. Incumbent's commission expired September 13, 1922.

MONTANA.

Laura P. Johnson to be postmaster at Darby, Mont., in place of F. B. Tanner, resigned.

NEBRASKA.

Paul R. Lorange to be postmaster at Auburn, Nebr., in place of R. E. Harmon. Incumbent's commission expired February 4, 1922.

Joseph N. Fuller to be postmaster at Butte, Nebr., in place of C. H. Oldham. Incumbent's commission expired May 25, 1922.

NEW HAMPSHIRE.

Fred H. Ackerman to be postmaster at Bristol, N. H., in place of G. B. Cavis. Incumbent's commission expired September 19, 1922.

Edgar A. Noyes to be postmaster at Claremont, N. H., in place of W. P. Nolin. Incumbent's commission expired September 19, 1922.

William E. Jones to be postmaster at Winchester, N. H., in place of H. A. Taylor. Incumbent's commission expired September 19, 1922.

NEW YORK.

Henry C. Almy to be postmaster at Friendship, N. Y., in place of C. M. Estell, resigned.

George W. Van Hynning to be postmaster at Hoosick Falls, N. Y., in place of W. J. Hyland. Incumbent's commission expired September 19, 1922.

NORTH CAROLINA.

Ulysses C. Richardson to be postmaster at Asheboro (late Ashboro), N. C., in place of R. R. Ross, resigned.

OHIO.

Henry R. Kemmerer to be postmaster at Carrollton, Ohio, in place of J. V. Lawler. Incumbent's commission expired September 19, 1922.

Allen E. Young to be postmaster at Medina, Ohio, in place of M. K. Long, removed.

OKLAHOMA.

Ward Guffy to be postmaster at Cleveland, Okla., in place of R. L. Lunsford, jr., resigned.

Clarence S. Brigham to be postmaster at Cushing, Okla., in place of S. R. Staton. Incumbent's commission expired September 13, 1922.

PENNSYLVANIA.

Harvey A. McKillip to be postmaster at Bloomsburg, Pa., in place of J. H. Maust, resigned.

Charles O. Wescoe to be postmaster at Fullerton, Pa., in place of L. A. Snyder. Incumbent's commission expired September 13, 1922.

Clarence F. Ellis to be postmaster at Jamestown, Pa., in place of T. S. Moreland. Incumbent's commission expired September 28, 1922.

William N. Jones to be postmaster at Johnsonburg, Pa., in place of F. O. Schreiner. Incumbent's commission expired September 13, 1922.

William J. Winner to be postmaster at Sandy Lake, Pa., in place of R. W. Simcox, resigned.

Franklin Clary to be postmaster at Sharpsville, Pa., in place of Karl Smith. Incumbent's commission expired September 26, 1922.

John M. Graham to be postmaster at Volant, Pa., in place of J. M. Graham. Incumbent's commission expired September 13, 1922.

Sara B. Coulter to be postmaster at Wampum, Pa., in place of J. A. Ketterer. Incumbent's commission expired September 13, 1922.

William A. McMahan to be postmaster at West Pittsburg, Pa., in place of W. A. McMahan. Incumbent's commission expired September 26, 1922.

SOUTH DAKOTA.

Benny P. Humphreys to be postmaster at Reliance, S. Dak., in place of M. M. Cullen. Incumbent's commission expired September 11, 1922.

TENNESSEE.

Charles H. Bewley to be postmaster at Greeneville, Tenn., in place of H. H. Gouchenour, removed.

VERMONT.

John T. Dimond to be postmaster at Manchester Center, Vt., in place of C. A. Mattison. Incumbent's commission expired September 19, 1922.

WEST VIRGINIA.

Nora V. Roberts to be postmaster at Glenville, W. Va., in place of W. W. Johnson. Incumbent's commission expired November 21, 1922.

CONFIRMATIONS.

Executive nominations confirmed by the Senate.

POSTMASTERS.

KENTUCKY.

Mabel K. Kipping, Carrollton.

MINNESOTA.

Edward R. Bell, Akely.
John O. Gullander, Belgrade.
Charles W. Patsold, Cambridge.
J. Arthur Johnson, Center City.
Joseph H. Seal, Melrose.
Will G. Mack, Plainview.
Herman E. Kent, Sanborn.
Mae A. Lovestrom, Stephen.
Jonas W. Howe, Stewartville.

UTAH.

John E. Chadwick, American Fork.
Herschel E. Calderwood, Coalville.
Jesse M. French, Greenriver.
Porter A. Clark, Parowan.
Sidney W. Elswood, Tremonton.

HOUSE OF REPRESENTATIVES.

SATURDAY, December 16, 1922.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Lord and our God, we believe that Thou art the Judge of all the earth and can not but do right. May our offering unto Thee be an earnest and a contrite heart. We thank Thee for the hope, the joy, and the love that make life rich. To-day be the inspiration of duty and the restraining power when the way is not clear. Emancipate the hearts of all men from prejudice and intolerance and lead them into the breadth and blessing of true Christian freedom. May the customs, the laws, and the institutions of our land express charity for all. Give us the courage of a great faith that declares in the midst of sufferings and defeat the earth will yet come to its glory. Gladden all our homes this evening and to-morrow and may they symbolize the peace and rest of the Father's house on high. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE.

A message from the Senate by Mr. Crockett, one of its clerks, announced that the Senate had passed with amendments the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes; in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13180) making appropriations for the Treasury Department for the fiscal year ending June 30, 1924, and for other purposes, and had insisted upon its amendments disagreed to by the House of Representatives, had agreed to the conference asked by the House, and had appointed Mr. WARREN, Mr. SMOOT, and Mr. OVERMAN as the conferees on the part of the Senate.

The message also announced that the Senate had passed joint resolution (S. J. Res. 248) to provide for the payment of salaries of Senators appointed to fill vacancies, and for other purposes, in which the concurrence of the House of Representatives was requested.

The message also announced that the Senate had passed with amendments the bill (H. R. 13232) making appropriations for the Departments of State and Justice and for the judiciary for the fiscal year ending June 30, 1924, and for other purposes, had agreed to the conference asked for by the House, and had appointed Mr. CURTIS, Mr. WARREN, Mr. LODGE, Mr. OVERMAN, and Mr. HITCHCOCK as the conferees on the part of the Senate.

COMMERCE AND LABOR APPROPRIATION BILL.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the appropriation bill for the Departments of Commerce and Labor, and ask for a conference.

The SPEAKER. The gentleman from Illinois asks unanimous consent to take from the Speaker's table the bill mentioned, disagree to the Senate amendments, and ask for a conference. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, may I ask the gentleman a question? If I understand the action of the Senate in adopting the conference report—

Mr. MADDEN. On the Treasury bill?

Mr. BLANTON. Yes, the Treasury bill; on the action of the gentleman from Illinois, for the first time in about 30 years it permits the Government of the United States to use improved machinery in one of its departments?

Mr. MADDEN. In the Bureau of Printing and Engraving; yes, sir; and makes it mandatory.

Mr. BLANTON. Then it is quite important in that for the first time in 30 years the Government of the United States is not hamstrung.

Mr. MADDEN. Thirty-six years.

The SPEAKER. Is there objection. [After a pause.] The Chair hears none. The Clerk will announce the conferees.

The Clerk read as follows:

Mr. SHREVE, Mr. MADDEN, and Mr. OLIVER.